

Historic, Archive Document

Do not assume content reflects current scientific knowledge, policies, or practices.



COMMISSION ON INTERGOVERNMENTAL RELATIONS
AND COMMISSION ON ORGANIZATION OF THE
EXECUTIVE BRANCH OF THE GOVERNMENT

HEARINGS

BEFORE A

SUBCOMMITTEE OF THE COMMITTEE ON
GOVERNMENT OPERATIONS
HOUSE OF REPRESENTATIVES

EIGHTY-THIRD CONGRESS

FIRST SESSION

ON

H. R. 121, H. R. 302, H. R. 1300, H. R. 1606,
H. R. 1838, H. R. 3183, H. R. 3603, H. R. 4406,
H. R. 4848, H. R. 4851, H. R. 280, H. R. 469,
H. R. 992, H. R. 1248, and H. R. 2089

BILLS TO ESTABLISH A COMMISSION ON INTERGOV-
ERNMENTAL RELATIONS AND A COMMISSION ON
ORGANIZATION OF THE EXECUTIVE BRANCH
OF THE GOVERNMENT

MAY 12, 13, AND 14, 1953

Printed for the use of the Committee on Government Operations



UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1953

COMMITTEE ON GOVERNMENT OPERATIONS

CLARE E. HOFFMAN, Michigan, *Chairman*

R. WALTER RIEHLMAN, New York	WILLIAM L. DAWSON, Illinois
CECIL M. HARDEN, Indiana	CHET HOLIFIELD, California
GEORGE H. BENDER, Ohio	FRANK M. KARSTEN, Missouri
CHARLES B. BROWNSON, Indiana	JOHN W. McCORMACK, Massachusetts
MARGUERITE STITT CHURCH, Illinois	BILL LANTAFF, Florida
GEORGE MEADER, Michigan	EARL CHUDOFF, Pennsylvania
FRANK C. OSMERS, JR., New Jersey	FRANK IKARD, Texas
CLARENCE J. BROWN, Ohio	JACK B. BROOKS, Texas
LOUIS E. GRAHAM, Pennsylvania	LESTER HOLTZMAN, New York
WALTER H. JUDD, Minnesota	ROBERT L. CONDON, California
GORDON L. McDONOUGH, California	THOMAS J. DODD, Connecticut
KATHARINE ST. GEORGE, New York	ROBERT H. MOLLOHAN, West Virginia
WILLIAM E. MILLER, New York	L. H. FOUNTAIN, North Carolina
JEFFREY HILLELSON, Missouri	J. L. PILCHER, Georgia
RICHARD H. POFF, Virginia	

HELEN M. BOYER, *Chief of Staff*

WILLIAM F. MCKENNA, *General Counsel*

ANNABELL ZUE, *Chief Clerk*

CHRISTINE RAY DAVIS, *Minority Professional Staff*

INTERGOVERNMENTAL RELATIONS SUBCOMMITTEE

MRS. CECIL M. HARDEN, Indiana, *Chairman*

GEORGE MEADER, Michigan	JACK B. BROOKS, Texas
FRANK C. OSMERS, JR., New Jersey	ROBERT L. CONDON, California
JEFFREY HILLELSON, Missouri	J. L. PILCHER, Georgia
RAY WARD, <i>Staff Director</i>	
L. T. MAHURIN, <i>Staff Member</i>	
JANE E. MORGAN, <i>Clerk</i>	

CONTENTS

	Page
H. R. 121	3
H. R. 302	5
H. R. 1300	7
H. R. 1606	9
H. R. 1838	11
H. R. 3183	13
H. R. 3603	15
H. R. 4406	17
H. R. 4848	18
H. R. 4851	20
H. R. 280	22
H. R. 469	24
H. R. 992	26
H. R. 1248	28
H. R. 2089	29
Statement of—	
Armstrong, O. K., a former Representative in Congress from the State of Missouri	126
Deming, George H., director of technical assistance, American Municipal Association	42
Ferguson, Hon. Homer, a United States Senator from the State of Michigan	161
Halleck, Hon. Charles A., a Representative in Congress from the State of Indiana	87
Harvey, Hon. Ralph, a Representative in Congress from the State of Indiana	99, 118
Hendrickson, Hon. Robert C., a United States Senator from the State of New Jersey	137
Keating, Hon. Kenneth B., a Representative in Congress from the State of New York	165
Keesling, Francis V., Jr., representing the mayor of San Francisco, Calif.	82
Kemp, Vernon, executive director, Virginia State Chamber of Commerce	110
Marshall, A. D., chairman, social legislation committee, board of directors, Chamber of Commerce of the United States	106
Maytag, Fred, president, Maytag Co., Newton, Iowa	184
Seegmiller, Keith L., executive secretary, National Association of County Officials	129
Letters, statements, etc., submitted for the record by—	
Armstrong, O. K., a former Representative in Congress from the State of Missouri: Proposed amendment offered to the Senate committee	127
Bane, Frank, secretary of Governors' Conference and executive director, Council of State Governments:	
Letter to Mrs. Cecil M. Harden, May 8, 1953	182
Letter to Mrs. Cecil M. Harden, May 13, 1953	182
Betters, Paul V., executive director United States Conference of Mayors:	
Letter to Mrs. Cecil M. Harden, May 6, 1953	178
Memorandum	178
Brooks, Hon. Jack B., a Representative in Congress from the State of Texas: Excerpt from statement of Congressman Charles A. Halleck	75
Carr, William G., executive secretary, National Education Association of the United States:	
Letter to Mrs. Cecil M. Harden, May 13, 1953	182
Statement	182

Letters, statements, etc., submitted for the record by—Continued

Coudert, Hon. Frederic R., Jr., a Representative in Congress from the State of New York:	Page
Letter to Mrs. Cecil M. Harden, May 7, 1953-----	176
Statement-----	176
Deming, George H., director of technical assistance, American Municipal Association: Statement-----	42
American Municipal Association policy statements on inter-governmental relations-----	44
A National Commission on Intergovernmental Relations for the White House Conference, March 31, 1953-----	46
Comments on S. 788-----	80
Excerpts from S. 1514-----	57
Excerpts from the Congressional Record made by Senator Taft, May 6, 1953-----	58
Statement—The decline of the General Property Tax, by Mabel Newcomer, professor of economics, Vassar College-----	64
Table 1—Comparison of State and local revenues from general property tax levies and other sources for selected years, 1902–50-----	65
Table 2—Principal sources of local revenues, 1902–50-----	66
Table 3—Principal sources of revenue in cities with a population of 25,000 and over-----	67
Table 4—Property taxes as a percentage of national wealth and income, 1902–50-----	67
Table 5—Property taxes as a percentage of individual income payments for different regions, 1930–50-----	68
Table 6—Comparison of assessed value of taxable property with national wealth, 1902–48-----	70
Table 7—Per capita assessed valuations in 1929 purchasing power, 1902, 1929, and 1950-----	71
Table 8—Percentage of total taxes from property taxes-----	73
Donohue, Hon. Harold D., a Representative in Congress from the State of Massachusetts: Statement-----	174
Elliott, Hon. Carl, a Representative in Congress from the State of Alabama: Statement-----	177
Goodwin, Hon. Angier L., a Representative in Congress from the State of Alabama: Letter to House Committee on Government Operations, May 15, 1953-----	173
Halleck, Hon. Charles A., a Representative in Congress from the State of Indiana: Statement-----	38
Harden, Mrs. Cecil M., a Representative in Congress from the State of Indiana and chairman, House Intergovernmental Relations Subcommittee:	
Bills to establish a National Commission on Intergovernmental Relations and action thereon collated by Harry G. Ritchey, American Law Division, Library of Congress, May 7, 1953---	37
Comparison of provisions of pending bills to establish a Commission on Governmental Functions and Fiscal Resources-----	32
Excerpt of letter from Hon. Herbert Hoover with reference to the employment of civil-service personnel-----	85
Letter from Hon. Herbert Hoover to Mrs. Cecil M. Harden, May 8, 1953-----	81
Message from President Dwight D. Eisenhower, to the Congress of the United States, March 30, 1953-----	2
Telegram from Hon. Herbert Hoover, to Senator Joseph McCarthy, April 13, 1953-----	82
Hendrickson, Hon. Robert C., a United States Senator from the State of New Jersey:	
Excerpts from the Congressional Record:	
February 7, 1949—Commission on Intergovernmental Relations-----	140
July 12, 1951—Temporary National Commission on Intergovernmental Relations—Report of a committee-----	141
July 23, 1951—Statement-----	143
January 16, 1953—National Commission on Intergovernmental Relations-----	147

Letters, statements, etc., submitted for the record by—Continued	
Hendrickson, Hon. Robert C., a United States Senator from the State of New Jersey—Continued	
Excerpts from the Congressional Record—Continued	Page
February 25, 1953—Intergovernmental Relations.....	151
March 9, 1953—Problem of overlapping taxes and functions in Government.....	152
Fixing tax overlap inefficiencies is easier said than done, by Earl H. Voss.....	152
April 1, 1953—Commission to Study Federal-State Relations.....	154
Study—Legislative effort to establish a National Commission on Intergovernmental Relations, prepared by the Library of Congress, February 25, 1953.....	138
Hoffman, Hon. Clare E., a Representative in Congress from the State of Michigan, and chairman, House Government Operations Committee: Excerpts from speech of Franklin D. Roosevelt, October, 1932.....	173
Kemp, Vernon, executive director, Virginia State Chamber of Commerce:	
Excerpt from Hoover Commission report.....	117
How 892 Virginia State Chamber members voted on Federal spending programs (dealing principally with grants to States)....	116
Questionnaire—Federal Government expenditures to State and local governments and Federal payments within States to individuals in fiscal year 1951.....	111
Statement.....	108
Marshall, A. D., chairman, social legislation committee, board of directors, Chamber of Commerce of the United States:	
Excerpt from statement relating to appropriations in the field of health in New York State.....	108
Statement.....	102
Appendix—Federal grant programs, fiscal year 1952.....	105
Maytag, Fred, president, Maytag Co., Newton, Iowa: Statement on behalf of the National Association of Manufacturers.....	186
Ostertag, Hon. Harold C., a Representative in Congress from the State of New York: Statement.....	174
Seegmiller, Keith L., executive secretary, National Association of County Officials: Statement.....	134
Tipton, S. G., general counsel, Air Transport Association of America: Letter to Mrs. Cecil M. Harden, May 12, 1953.....	189

APPENDIXES

Appendix 1—Letter from Sidney A. Mitchell, Citizens Committee for the Hoover Report, to Mrs. Cecil M. Harden, May 7, 1953.....	191
Appendix 2—Letter from Randy Haskell Hamilton, director, Washington office, American Municipal Association, to Senator Robert A. Taft, May 7, 1953.....	191
Appendix 3—Letter from Hon. Lindsay C. Warren, Comptroller General of the United States, to Congressman Clare E. Hoffman, May 7, 1953....	192
Appendix 4—Letter from Joseph M. Dodge, Director, Bureau of the Budget, to Congressman Clare E. Hoffman, May 11, 1953.....	192
Appendix 5—Statement of the Investors League, Inc.....	194

COMMISSION ON INTERGOVERNMENTAL RELATIONS AND COMMISSION ON ORGANIZATION OF THE EXECUTIVE BRANCH OF THE GOVERNMENT

TUESDAY, MAY 12, 1953

HOUSE OF REPRESENTATIVES,
INTERGOVERNMENTAL RELATIONS SUBCOMMITTEE
OF THE COMMITTEE ON GOVERNMENT OPERATIONS.

Washington, D. C.

The subcommittee met, pursuant to call, at 10 a. m., in room 1501, New House Office Building, Hon. Cecil M. Harden (chairman of the subcommittee) presiding.

Present: Mrs. Cecil M. Harden (chairman of the subcommittee), George Meader, Frank C. Osmer, Jr., Jeffrey Hillelson, Jack B. Brooks, and J. L. Pilcher.

Also present: Ray Ward, staff director; L. T. Mahurin, staff member; and Jane E. Morgan, clerk.

Mrs. CECIL M. HARDEN (chairman of the subcommittee). The meeting will come to order. The clerk will call the roll.

The clerk called the roll, and the following members answered to their names: Mrs. Harden, Mr. Meader, Mr. Osmer, Mr. Hillelson, Mr. Brooks, and Mr. Pilcher.

Mrs. HARDEN. We have met to consider H. R. 4406, a bill to establish a commission on functions and fiscal resources, which was introduced by our majority leader, Congressman Charles A. Halleck of Indiana, who, unfortunately, cannot be here until tomorrow.

We shall also now consider H. R. 302, which was introduced by our committee chairman, Mr. Hoffman. Bills H. R. 121, 1300, 1606, 1838, 3183, 3603, 4848, and 4851, will also be considered at this time. The Senate approved S. 1514 with amendments (companion bill to H. R. 4406) on May 6.

We shall also consider H. R. 992 and related bills for the establishment of the Commission on Organization of the Executive Branch of the Government. S. 106, companion bill to H. R. 992, passed the Senate May 6, 1953.

No informed American will dispute the fact that we must be strong if we are to survive the long and trying struggle in which we are unwillingly embroiled. We know that the strength of a democracy lies in the united strength of strong components starting with the individual, the city, the county, the State, the region, and the Federal Government.

The development of strength comes from the exercise of initiative, freedom of action and responsibility. It is best developed through self-reliance rather than dependence on others.

There has been a widespread misconception that actions to augment the general welfare must stem from centralized Federal programs. This emphasis on overcentralization and federalization has, in part, created a situation where the Federal Government now demands some 70 percent of all tax revenues, whereas a few decades ago the States and local governments utilized the 70 percent with only 30 percent going to the Federal Government. The widespread Federal programs, using the bulk of the tax money, have made the State and local governments dependent upon the Federal Establishment.

For several years there has been a general nonpartisan move to realign Federal-State relationships. Congress recognized the need in the Legislative Reorganization Act of 1946 when it provided for intergovernmental subcommittees in the Government Operations Committees. The Hoover Commission made specific recommendations on the subject. These have been incorporated in bills introduced by Chairman Hoffman, Congressman Harvey, and others in the 81st and 82d Congresses. Numerous other bills have been introduced in the last few years with the same general objective in mind.

We also know that our executive branch must be well organized and efficient if we are to be strong. Waste of resources, human and material, must be reduced to a minimum. The best way to help States fiscally is to reduce Federal expenditures and demands for taxes.

The President's splendid message of March 30, 1953, highlighting the need for action, will, without objection, be placed in the record at this point and also the current House bills, a staff analysis thereof, and a brief history of legislative action prepared by the Legislative Reference Service.

(Documents above referred to are as follows:)

TO THE CONGRESS OF THE UNITED STATES:

In the state of the Union message, I expressed my deep concern for the well-being of all of our citizens and the attainment of equality of opportunity for all. I further stated that our social rights are a most important part of our heritage and must be guarded and defended with all of our strength. I firmly believe that the primary way of accomplishing this is to recommend the creation of a commission to study the means of achieving a sounder relationship between Federal, State, and local governments.

The way has now been prepared for appropriate action. Shortly after stating my original intention, I called an exploratory meeting of interested officials, including Members of Congress and a group of governors representing the Council of State Governments, to confer with me on such a study. This conference produced general agreement on the importance of the problem and an offer of cooperation in the proposed study. Within a few days representatives of several leading organizations of local governmental officials will meet at the White House with several of my associates to give their considered and needed counsel.

The present division of activities between Federal and State Governments, including their local subdivisions, is the product of more than a century and a half of piecemeal and often haphazard growth. This growth in recent decades has proceeded at a speed defying order and efficiency. One program after another has been launched to meet emergencies and expanding public needs. Time has rarely been taken for thoughtful attention to the effects of these actions on the basic structure of our Federal-State systems of government.

Now there is need to review and assess, with prudence and foresight, the proper roles of the Federal, State, and local governments. In many cases, especially within the past 20 years, the Federal Government has entered fields which, under our Constitution, are the primary responsibilities of State and local governments. This has tended to blur the responsibilities of local government. It has led to duplication and waste. It is time to relieve the people of the need to pay taxes on taxes.

A major mark of this development has been the multiplication of Federal grants-in-aid for specific types of activities. There are now more than 30 such grant programs. In the aggregate, they involve Federal expenditures of well over \$2 billion a year. They make up approximately one-fifth of State revenues.

While by far the greater part of these expenditures are in the fields of social security, health, and education, they also spread into many other areas. In some cases, the Federal Government apportions fixed amounts among the States; in others, it matches State expenditures; and in a few, it finances the entire State expenditure. The impact of all these grants on State governments has been profound. While they have greatly stimulated the development of certain State activities, they have complicated State finances and administration; and they have often made it difficult for States to provide the funds for other important services.

The maintenance of strong, well-ordered State and local governments is essential to our Federal system of government. Lines of authority must be clean and clear, the right areas of action for Federal and State Government plainly defined. This is imperative for the efficient administration of governmental programs in the fields of health, education, social security, and other grant-in-aid areas.

The manner in which best to accomplish these objectives, and to eliminate friction, duplication, and waste from Federal-State relations, is therefore a major national problem. To reallocate certain of these activities between Federal and State Governments, including their local subdivisions, is in no sense to lessen our concern for the objectives of these programs. On the contrary: these programs can be made more effective instruments serving the security and welfare of our citizens.

To achieve these purposes, I recommend the enactment of legislation to establish a Commission on Governmental Functions and Fiscal Resources to make a thorough study of grants-in-aid activities and the problems of finance and Federal-State relations which attend them. The Commission should study and investigate all the activities in which Federal aid is extended to State and local governments, whether there is need for such aid in other fields. The whole question of Federal control of activities to which the Federal Government contributes must be thoroughly examined.

The matter of the adequacy of fiscal resources available to the various levels of Government to discharge their proper functions must be carefully explored.

The Commission should be of such size and composition as to permit appropriate representation of the various governmental levels and of outstanding members of the general public. It should be provided with an excellent staff, able to draw on the great amount of work which has already been done in this field.

In order that the Commission may complete its report in time for consideration by the next session of the Congress, I urge prompt action on this matter.

DWIGHT D. EISENHOWER.

THE WHITE HOUSE, March 30, 1953.

[H. R. 121, 83d Cong., 1st sess.]

A BILL To provide for the establishment of a commission to investigate and make recommendations with respect to the distribution of governmental functions and sources of revenue within the framework of our Federal, State, and local systems of government

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Commission on Reallocation of Federal, State, and Local Functions and Sources of Revenue Act."

DECLARATION OF POLICY

SEC. 2. It is hereby declared to be the policy of the Congress that a study be made to determine the advisability of redistributing governmental functions and sources of revenue among the Federal, State, and local entities in order to—

(1) better secure the sovereignty of the several States with as much decentralization as is compatible with the national welfare;

(2) maintain and strengthen the American type of democracy based on individual liberty and extensive citizen participation in and control of government; and

(3) better provide services necessary for the general welfare.

ESTABLISHMENT OF THE COMMISSION ON REALLOCATION OF FEDERAL, STATE, AND
LOCAL FUNCTIONS AND SOURCES OF REVENUE

SEC. 3. There is hereby established a bipartisan commission to be known as the Commission on Reallocation of Federal, State, and Local Functions and Sources of Revenue (in this Act referred to as the "Commission").

MEMBERSHIP OF THE COMMISSION

SEC. 4. (a) NUMBER AND APPOINTMENT.—The Commission shall be composed of nineteen members as follows:

(1) The Secretary of the Treasury, the Chairman of the Federal Reserve Board, and the Director of the Budget;

(2) Eight to be appointed by the President pro tempore of the Senate, four from the Senate and four from among the governors of the States; and

(3) Eight to be appointed by the Speaker of the House of Representatives, four from the House of Representatives and four from the governors of the States.

(b) POLITICAL AFFILIATION.—Of each class of four members mentioned in subsection (a), two members shall be from each of the two major political parties, the Democratic members to be appointed upon recommendation of the minority leaders of the Senate and House of Representatives.

(c) VACANCIES.—Any vacancy in the Commission shall not affect its powers, but shall be filled in the same manner in which the original appointment was made except that any member of the Commission appointed to fill a vacancy shall be of the same political party as his predecessor.

ORGANIZATION OF THE COMMISSION

SEC. 5. The Commission shall elect a Chairman and a Vice Chairman from among its members.

QUORUM

SEC. 6. Ten members of the Commission shall constitute a quorum.

COMPENSATION OF MEMBERS OF THE COMMISSION

SEC. 7. Members of the Commission shall receive no compensation for their services on the Commission as such, but they shall be reimbursed for travel, subsistence, and other expenses incurred by them in the performance of the duties vested in the Commission.

STAFF OF THE COMMISSION

SEC. 8. The Commission shall have power to appoint and fix the compensation of such personnel, as it deems advisable, without regard to the civil-service laws or the Classification Act of 1949.

ADVISORY COMMITTEES

SEC. 9. The Commission shall have power to establish local advisory committees, whose membership may be drawn among local officials and persons in private life. Members of such advisory committees shall receive no compensation but shall be reimbursed for expenses in the same manner as members of the Commission.

EXPENSES OF THE COMMISSION

SEC. 10. There are hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, such funds as may be necessary to carry out the provisions of this Act.

EXPIRATION OF THE COMMISSION

SEC. 11. Ninety days after the submission to the Congress of the report provided for in section 12 (b), the Commission shall cease to exist.

DUTIES OF THE COMMISSION

SEC. 12. (a) STUDIES AND APPRAISALS.—The Commission shall study and appraise the functions and activities of government at National, State, and local levels, to determine which functions and activities can be most advantageously

carried on at the various levels of government, and which require joint policy-making, financing, and administration.

The Commission shall also study and appraise National, State, and local tax systems with a view to such revision thereof as will leave to the States and the localities adequate resources from which to raise revenue to meet the duties and responsibilities of State and local governments.

The Commission shall make such further studies and appraisals as in its opinion may be necessary to accomplish the purposes set forth in section 2 of this Act.

(b) REPORT.—The Commission shall make a report of its findings and recommendations to the Congress on or before January 31, 1953.

POWERS OF THE COMMISSION

SEC. 13. (a) HEARINGS. For the purpose of carrying out any provision of this Act, the Commission, or any member thereof, may hold hearings and administer oaths, may examine witnesses and receive evidence at any place in the United States, and may require by subpoena the attendance and testimony of witnesses and the production of books, papers, correspondence, memoranda, and other records deemed relevant to the matter under inquiry. Subpenas may be signed and issued by any member of the Commission. Witnesses summoned shall be paid the same fees and mileage that are paid witnesses in the district courts of the United States. In case of disobedience of a subpoena the Commission may invoke the aid of any court of the United States in requiring the attendance and testimony of witnesses and the production of documentary evidence. Any of the district courts of the United States within the jurisdiction of which such inquiry is carried on may, in case of contumacy or refusal to obey a subpoena issued to any person, issue an order requiring such person to appear (and to produce documentary evidence if so ordered) and give evidence relating to the matter in question; and any failure to obey such order of the court may be punished by such court as a contempt thereof. All process in any such case may be served in the judicial district whereof such person is an inhabitant or wherever he may be found.

(b) OBTAINING OFFICIAL DATA.—The Commission is authorized to secure directly from any department or agency of the Federal Government information, suggestions, estimates, and statistics for the purposes of this Act; and each such department or agency is authorized and directed to furnish such information, suggestions, estimates, and statistics directly to the Commission, upon request made by the Chairman or Vice Chairman.

[H. R. 302, 83d Cong., 1st sess.]

A BILL To establish a temporary National Commission on Intergovernmental Relations

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

FINDINGS OF FACT

SECTION 1. Since the establishment of the Federal system of Government, no comprehensive survey has been made by the Congress of the relationships existing among the National, State, and local governments of the United States; of the allocation of governmental functions and powers among these three governmental levels, or of the distribution of jurisdiction of governmental functions and powers exercised by two or more governmental authorities. Prior to a determination of necessity or desirability of a reallocation of functions and powers or of redistribution of jurisdiction over them among the levels of the Federal system, it is necessary that such a study and survey be made. It is the belief of the Congress that such a study and survey of past and present conditions and the determination of what legislation should be proposed can best be accomplished through the cooperative efforts of officials of government and representatives of the people.

ESTABLISHMENT OF THE NATIONAL COMMISSION ON INTERGOVERNMENTAL RELATIONS

SEC. 2. (a) There is hereby established a temporary national bipartisan commission to be known as the National Commission on Intergovernmental Relations (hereinafter referred to as the "Commission"), which shall be composed of twelve members as follows:)

(1) Four appointed by the President of the United States, two of whom shall be officers of the executive branch of the Government and two private citizens;

(2) Four appointed by the President of the Senate, two of whom shall be Members of the Senate and two private citizens; and

(3) Four appointed by the Speaker of the House of Representatives, two of whom shall be Members of the House and two private citizens.

(b) Appointments of all of the members shall be made with reference to the appointee's experience with or knowledge of the major problems in the field of intergovernmental relations. Of the members enumerated in paragraphs (1), (2), and (3) of subsection (a), not more than two members in each class shall be from any one political party. Any vacancy in the membership of the Commission shall not affect the Commission's powers, but shall be filled in the same manner in which the original appointment was made.

(c) The Commission shall elect a Chairman and a Vice Chairman from among its members.

(d) Four members of the Commission shall constitute a quorum.

DUTIES OF THE COMMISSION

SEC. 3. (a) It shall be the duty of the Commission to submit to the Congress specific recommendations based upon a study of—

(1) (A) the past and present relations between the National, State, and local governments of the United States; (B) the past and present allocation of governmental functions and powers among the National, State, and local governments of the United States; (C) governmental functions and powers exercised by two or more such governments, and distribution of jurisdiction over such functions exercised by each such government;

(2) the fiscal relations among the National, State, and local governments with a view of determining the possibilities, and mechanism for achieving, on a continuous basis, consistency in the fiscal policies of the several levels of governments. In making such study the Commission shall give particular attention to (A) intergovernmental tax immunities in terms of the problems they create for governments and taxpayers, and means for resolving these problems; (B) revenue sources and means for reducing or eliminating intergovernmental tax competition; and (C) grants-in-aid, tax sharing, and other similar measures for adjusting financial resources to the needs of State and local governments, with a view to proposing guides to the use of such devices and improvements in their operation.

(b) The Commission shall submit a final report of its activities, and the results of its studies to the Congress on or before the end of the second fiscal year which commences after the enactment of this Act, and shall cease to exist upon the submission of such final report.

POWERS OF THE COMMISSION

SEC. 4. (a) The Commission may, in carrying out this Act, hold such hearings, take such testimony, and sit and act at such times and places as the Commission deems advisable. Any member of the Commission may administer oaths or affirmations to witnesses appearing before the Commission. The Commission may delegate the powers conferred by this subsection to any member or to a group of members of the Commission.

(b) The Commission is authorized to secure from any department, agency, or independent instrumentality of the executive branch of the Government any information it deems necessary to carry out its functions under this Act; and each such department, agency, and instrumentality is authorized and directed to furnish such information to the Commission, upon request made by the Chairman or Vice Chairman.

(c) The Commission shall have the power, without regard to the civil-service laws, to appoint and fix the compensation of an executive secretary, who shall be the chief administrative officer of the Commission, and such other personnel as it deems advisable, but the rates of compensation of such personnel shall not exceed the rates prescribed in the Classification Act of 1949 for comparable duties.

COMPENSATION OF MEMBERS OF THE COMMISSION

SEC. 5. (a) Any member or members of the Commission who are appointed from among Members of Congress or from the executive branch of the Government shall serve without compensation in addition to that received for their services as

Members of Congress or in the executive branch, but shall be reimbursed for travel, subsistence, and other necessary expenses incurred by them in the performance of their duties as members of the Commission.

(b) Members of the Commission, other than those to whom subsection (a) is applicable, shall receive compensation at the rate of \$50 per day for each day they are engaged in the performance of their duties as members of the Commission and shall be reimbursed for travel, subsistence, and other necessary expenses incurred by them in the performance of their duties as members of the Commission.

AUTHORIZATION FOR APPROPRIATIONS

SEC. 6. There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this Act.

[H. R. 1300, 83d Cong., 1st sess.]

A BILL To establish a National Commission on Intergovernmental Relations

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled

STATEMENT OF FINDINGS AND POLICY

SECTION 1. The Congress hereby finds that in recent years there has been a rapid expansion of the powers, functions, and responsibilities of Federal, State, and local governments; that such expansion has taken place in response to circumstances, needs, and pressures both internal and international, but unevenly and without relation to any orderly, integrated, or systematic plan, with the result that serious imbalances now exist with respect to the powers and responsibilities of the several levels of government; and that such imbalances have resulted in overlapping, duplication, inefficiency, and ineffectiveness among the several levels of government. It is therefore declared to be the policy of the Congress and the purpose of this Act to provide for the restoration and effectuation of a proper balance and relationship among Federal, State, and local governments in the interest of the people who live under and support them all.

ESTABLISHMENT OF THE COMMISSION

SEC. 2. In order to carry out the purpose of this Act there is hereby established a temporary national bipartisan commission to be known as the National Commission on Intergovernmental Relations (hereinafter referred to as the "Commission").

ORGANIZATION OF THE COMMISSION

SEC. 3. (a) The Commission shall be composed of seventeen members, as follows:

(1) Two appointed from the executive branch of the Government by the President of the United States.

(2) Four appointed from the Senate by the President of the Senate.

(3) Four appointed from the House of Representatives by the Speaker of the House.

(4) Three appointed from among State officials by the President of the United States.

(5) Two appointed from among county officials by the President of the United States.

(6) Two appointed from among municipal officials by the President of the United States.

(b) Not more than one from each class of members appointed under paragraphs (1), (5), and (6) shall be from any one political party; and not more than two from each class of members appointed under paragraphs (2), (3), and (4) shall be from the same political party.

(c) Any vacancy in the Commission shall not affect its powers, but shall be filled in the same manner in which the original appointment was made.

(d) The Commission shall elect a Chairman and a Vice Chairman from among its members.

(e) Nine members of the Commission shall constitute a quorum.

DUTIES OF THE COMMISSION

SEC. 4. (a) It shall be the duty of the Commission—

(1) to make a comprehensive study, historic and contemporary, of the powers, functions, and jurisdiction of Federal, State, and local governments, and of their relationship to one another;

(2) to make a comprehensive study, historic and contemporary, of the tax resources of Federal, State, and local governments, and of their relationship to one another; and

(3) to correlate such studies, so as to provide a comprehensive, composite description of the powers, functions, and responsibilities of Federal, State, and local governments, and of their relationship to one another.

(b) On the basis of such studies and findings, the Commission shall formulate recommendations designed to bring about—

(1) the orderly elimination of overlapping powers, functions, and jurisdiction among the several levels of government;

(2) the more orderly, systematic, and equitable allocation of tax resources among Federal, State, and local governments, with a view to providing the greatest possible liaison and correlation between revenue-raising and revenue-spending agencies, and to ensure that fiscal resources at each level of government are commensurate with the allocated responsibilities at such level;

(3) an equitable system of tax immunities among the several levels of government;

(4) an orderly, sound, and consistent system for tax-sharing and grant-in-aid programs; and

(5) a coordinated, efficient, and well-balanced relationship among Federal, State, and local governments which will more fully take into account the needs of the present and provide a flexible and valid framework for future development.

(c) The Commission shall make such interim reports to the President and to the Congress as it deems advisable, and shall submit its final report to the Congress not later than March 1, 1953. The final report of the Commission shall propose such constitutional, legislative, and administrative measures as it deems necessary for the effective implementation of its recommendations with respect to each level of government.

(d) The Commission shall transmit copies of its final report to the President of the United States, to the Members of Congress, and to the Governors of the several States.

TERMINATION OF THE COMMISSION

SEC. 5. The Commission shall cease to exist upon the filing of its final report.

POWERS OF THE COMMISSION

SEC. 6. (a) The Commission may, for the purpose of carrying out the provisions of this Act, hold such hearings and sit and act at such times and places, take such testimony, and require the attendance of such witnesses and the production of such correspondence, books, papers, and documents as it deems advisable. Any member of the Commission may administer oaths or affirmations to witnesses appearing before the Commission. The Commission may delegate the powers conferred by this subsection to any member or group of members of the Commission.

(b) The Commission is authorized to secure from any department, agency, or independent establishment of the executive branch of the Government any information it deems necessary to carry out its functions under this Act; and each such department, agency, and independent establishment is authorized and directed to furnish such information to the Commission, upon the request of the Chairman or the Vice Chairman.

(c) The Commission shall advise and consult with representatives of labor, industry, commerce, agriculture, taxpayers' organizations, educational institutions, and other interested groups, and may establish such advisory committees as it deems advisable from among such representatives. Members of any such advisory committee shall be reimbursed for travel, subsistence, and other necessary expenses actually incurred by them at the direction of the Commission in the performance of their duties as such members.

(d) The Commission shall have power, without regard to the civil-service laws and regulations, to appoint an executive secretary, who shall be the chief admin-

istrative officer of the Commission, and such other personnel as it deems advisable, and to fix the compensation of such executive secretary and other personnel in accordance with the Classification Act of 1949, as amended.

EXPENSES OF MEMBERS OF THE COMMISSION

SEC. 7. Members of the Commission shall be reimbursed for travel, subsistence, and other necessary expenses actually incurred by them in the performance of their duties as such members.

APPROPRIATION OF FUNDS

SEC. 8. There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this Act.

[H. R. 1606, 83d Cong., 1st sess.]

A BILL To establish a temporary National Commission on Intergovernmental Relations

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

FINDINGS OF FACT

SECTION 1. Since the establishment of the Federal system of government, no comprehensive survey has been made by the Congress of the relationships existing among the National, State, and local governments of the United States; of the allocation of governmental functions and powers among these three governmental levels, or of the distribution of jurisdiction of governmental functions and powers exercised by two or more governmental authorities. Prior to a determination of necessity or desirability of a reallocation of functions and powers or of redistribution of jurisdiction over them among the levels of the Federal system, it is necessary that such a study and survey be made. It is the belief of the Congress that such a study and survey of past and present conditions and the determination of what legislation should be proposed can best be accomplished through the cooperative efforts of officials of Government and representatives of the people.

ESTABLISHMENT OF THE NATIONAL COMMISSION ON INTERGOVERNMENTAL RELATIONS

SEC. 2. (a) There is hereby established a temporary national bipartisan commission to be known as the National Commission on Intergovernmental Relations (hereinafter referred to as the "Commission"), which shall be composed of twelve members as follows:

(1) Four appointed by the President of the United States, two of whom shall be officers of the executive branch of the Government, and two private citizens.

(2) Four appointed by the President of the Senate, two of whom shall be Members of the Senate, and two private citizens.

(3) Four appointed by the Speaker of the House of Representatives, two of whom shall be Members of the House, and two private citizens.

(b) Each person appointed as a member shall be experienced with, or have knowledge of, the major problems in the field of intergovernmental relations. Of the members enumerated in paragraphs (1), (2), and (3) of subsection (a), not more than two members in each class shall be from any one political party. Any vacancy in the membership of the Commission shall not affect the Commission's powers, but shall be filled in the same manner in which the original appointment was made.

(c) The Commission shall elect a Chairman and a Vice Chairman from among its members.

(d) Four members of the Commission shall constitute a quorum.

(e) Prior to making the appointments of members of the Commission as prescribed in paragraph (2) of this section, the President of the United States, the President of the Senate, and the Speaker of the House of Representatives shall consult with and be advised by representatives of organizations of State and local government officials.

DUTIES OF THE COMMISSION

SEC. 3. (a) It shall be the duty of the Commission to submit to the Congress specific recommendations based upon a study of—

(1) (A) the past and present relations between the National, State, and local governments of the United States; (B) the past and present allocations of governmental functions and powers among the National, State, and local governments of the United States; (C) governmental functions and powers exercised by two or more such governments, and the distribution of jurisdiction over such functions exercised by each such government; and

(2) the fiscal relations among the National, State, and local governments with a view of determining the possibilities, and mechanism for achieving, on a continuous basis, consistency in the fiscal policies of the several levels of governments. In making such study the Commission shall give particular attention to (A) intergovernmental tax immunities in terms of the problems they create for governments and taxpayers, and means for resolving these problems; (B) revenue sources and means for reducing or eliminating intergovernmental tax competition; and (C) grants-in-aid, tax sharing, and other similar measures for adjusting financial resources to the needs of State and local governments, with a view to proposing guides to the use of such devices and improvements in their operation.

(b) The Commission shall submit interim reports at such time or times as the Commission deems necessary, shall submit a comprehensive report of its activities and the results of its studies to the Congress on or before December 31, 1952, and shall submit its final report not later than March 31, 1953, at which date the Commission shall cease to exist. The final report of the Commission shall propose such constitutional amendments, legislative enactments, and administrative actions, as in its judgment are necessary to carry out its recommendations with respect to each level of government.

POWERS OF THE COMMISSION

SEC. 4. (a) The Commission may, in carrying out this Act, hold such hearings, require by subpoena or otherwise the attendance of such witnesses and the production of such correspondence, books, papers, and documents, take such testimony, and sit and act at such times and places as the Commission deems advisable. Any member of the Commission may administer oaths or affirmations to witnesses appearing before the Commission. The Commission may delegate the powers conferred by this subsection to any member or to a group of members of the Commission. Sections 102 and 104 of the Revised Statutes, as amended (2 U. S. C. 192, 194), shall be applicable in the case of the failure of any person to comply with the requirements of any subpoena issued and served upon him by the Commission.

(b) The Commission is authorized to secure from any department, agency, or independent instrumentality of the executive branch of the Government any information it deems necessary to carry out its functions under this Act; and each such department, agency, and instrumentality is authorized and directed to furnish such information to the Commission, upon request made by the Chairman or Vice Chairman.

(c) The Commission shall advise and consult with representatives of labor, industry, commerce, agriculture, taxpayers' organizations, State and local governments, and other interested groups, and may establish such advisory committee or committees as may be desirable from among such representatives. Members of any such advisory committee may be reimbursed for travel, subsistence, and other necessary expenses incurred by them at the direction of the Commission in the performance of their duties.

(d) The Commission shall have the power, without regard to the civil-service laws, to appoint and fix the compensation of an executive secretary, who shall be the chief administrative officer of the Commission, and such other personnel as it deems advisable, but the rates of compensation of such personnel shall not exceed the rates prescribed in the Classification Act of 1949 for comparable duties.

COMPENSATION OF MEMBERS OF THE COMMISSION

SEC. 5. (a) Members of the Commission who are appointed from among Members of Congress or from the executive branch of the Government shall serve without compensation in addition to that received for their services as Members

of Congress or in the executive branch, but shall be reimbursed for travel, subsistence, and other necessary expenses incurred by them in the performance of their duties as members of the Commission.

(b) Members of the Commission, other than those to whom subsection (a) is applicable, shall receive compensation at the rate of \$50 per day for each day they are engaged in the performance of their duties as members of the Commission and shall be reimbursed for travel, subsistence, and other necessary expenses incurred by them in the performance of their duties as members of the Commission.

AUTHORIZATION FOR APPROPRIATIONS

SEC. 6. There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this Act.

[H. R. 1838, 83d Cong., 1st sess.]

A BILL To establish a National Commission on Intergovernmental Relations

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

STATEMENT OF FINDINGS AND POLICY

SECTION 1. The Congress hereby finds that in recent years there has been a rapid expansion of the powers, functions, and responsibilities of Federal, State, and local governments; that such expansion has taken place in response to circumstances, needs, and pressures both internal and international, but unevenly and without relation to any orderly, integrated, or systematic plan, with the result that serious imbalances now exist with respect to the powers and responsibilities of the several levels of government; and that such imbalances have resulted in overlapping, duplication, inefficiency, and ineffectiveness among the several levels of government. It is, therefore, declared to be the policy of the Congress and the purpose of this Act to provide for the restoration and effectuation of a proper balance and relationship among Federal, State, and local governments, in the interest of the people who live under and support them all.

ESTABLISHMENT OF THE COMMISSION

SEC. 2. In order to carry out the purpose of this Act there is hereby established a temporary national bipartisan commission to be known as the National Commission on Intergovernmental Relations (hereinafter referred to as the "Commission").

ORGANIZATION OF THE COMMISSION

SEC. 3. (a) The Commission shall be composed of seventeen members, as follows:

(1) Two appointed from the executive branch of the Government by the President of the United States.

(2) Four appointed from the Senate by the President of the Senate.

(3) Four appointed from the House of Representatives by the Speaker of the House.

(4) Three appointed from among State officials by the President of the United States.

(5) Two appointed from among county officials by the President of the United States.

(6) Two appointed from among municipal officials by the President of the United States.

(b) Not more than one from each class of members appointed under paragraphs (1), (5), and (6) shall be from any one political party; and not more than two from each class of members appointed under paragraphs (2), (3), and (4) shall be from the same political party.

(c) Any vacancy in the Commission shall not affect its powers, but shall be filled in the same manner in which the original appointment was made.

(d) The Commission shall elect a Chairman and a Vice Chairman from among its members.

(e) Nine members of the Commission shall constitute a quorum.

DUTIES OF THE COMMISSION

SEC. 4. (a) It shall be the duty of the Commission—

(1) to make a comprehensive study, historic and contemporary, of the powers, functions, and jurisdiction of Federal, State, and local governments, and of their relationship to one another;

(2) to make a comprehensive study, historic and contemporary, of the tax resources of Federal, State, and local governments, and of their relationship to one another; and

(3) to correlate such studies, so as to provide a comprehensive, composite description of the powers, functions, and responsibilities of Federal, State, and local governments, and of their relationship to one another.

(b) On the basis of such studies and findings, the Commission shall formulate recommendations designed to bring about—

(1) the orderly elimination of overlapping powers, functions, and jurisdiction among the several levels of government;

(2) the more orderly, systematic, and equitable allocation of tax resources among Federal, State, and local governments, with a view to providing the greatest possible liaison and correlation between revenue-raising and revenue-spending agencies, and to ensure that fiscal resources at each level of government are commensurate with the allocated responsibilities at such level;

(3) an equitable system of tax immunities among the several levels of government;

(4) an orderly, sound, and consistent system for tax-sharing and grants-in-aid programs; and

(5) a coordinated, efficient, and well-balanced relationship among Federal, State, and local governments which will more fully take into account the needs of the present and provide a flexible and valid framework for future development

(c) The Commission shall make such interim reports to the President and to the Congress as it deems advisable, and shall submit its final report to the Congress not later than March 1, 1954. The final report of the Commission shall propose such constitutional, legislative, and administrative measures as it deems necessary for the effective implementation of its recommendations with respect to each level of government.

(d) The Commission shall transmit copies of its final report to the President of the United States, to the Members of Congress, and to the Governors of the several States.

TERMINATION OF THE COMMISSION

SEC. 5. The Commission shall cease to exist upon the filing of its final report.

POWERS OF THE COMMISSION

SEC. 6. (a) The Commission may, for the purpose of carrying out the provisions of this Act, hold such hearings and sit and act at such times and places, take such testimony, and require the attendance of such witnesses and the production of such correspondence, books, papers, and documents as it deems advisable. Any member of the Commission may administer oaths or affirmations to witnesses appearing before the Commission. The Commission may delegate the powers conferred by this subsection to any member or group of members of the Commission.

(b) The Commission is authorized to secure from any department, agency, or independent establishment of the executive branch of the Government any information it deems necessary to carry out its functions under this Act; and each such department, agency, and independent establishment is authorized and directed to furnish such information to the Commission, upon the request of the Chairman or the Vice Chairman.

(c) The Commission shall advise and consult with representatives of labor, industry, commerce, agriculture, taxpayers' organizations, educational institutions, and other interested groups and may establish such advisory committees as it deems advisable from among such representatives. Members of any such advisory committee shall be reimbursed for travel, subsistence, and other necessary expenses actually incurred by them at the direction of the Commission in the performance of their duties as such members.

(d) The Commission shall have power, without regard to the civil-service laws and regulations, to appoint an executive secretary, who shall be the chief admin-

istrative officer of the Commission, and such other personnel as it deems advisable, and to fix the compensation of such executive secretary and other personnel in accordance with the Classification Act of 1949, as amended.

EXPENSES OF MEMBERS OF THE COMMISSION

SEC. 7. Members of the Commission shall be reimbursed for travel, subsistence, and other necessary expenses actually incurred by them in the performance of their duties as such members.

APPROPRIATION OF FUNDS

SEC. 8. There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this Act.

[H. R. 3183, 83d Cong., 1st sess.]

A BILL To establish a temporary National Commission on Intergovernmental Relations :

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

FINDINGS OF FACT

SECTION 1. Since the establishment of the Federal system of government, no comprehensive survey has been made by the Congress of the relationships existing among the National, State, and local governments of the United States; of the allocation of governmental functions and powers among these three governmental levels, or of the distribution of jurisdiction of governmental functions and powers exercised by two or more governmental authorities. Prior to a determination of necessity or desirability of a reallocation of functions and powers or of redistribution of jurisdiction over them among the levels of the Federal system, it is necessary that such a study and survey be made. It is the belief of the Congress that such a study and survey of past and present conditions and the determination of what legislation should be proposed can best be accomplished through the cooperative efforts of officials of government and representatives of the peoples.

ESTABLISHMENT OF THE NATIONAL COMMISSION ON INTERGOVERNMENTAL RELATIONS

SEC. 2. (a) There is hereby established a temporary national bipartisan commission to be known as the National Commission on Intergovernmental Relations (hereinafter referred to as the "Commission"), which shall be composed of twelve members as follows:

(1) Four appointed by the President of the United States, two of whom shall be officers of the executive branch of the Government, and two private citizens.

(2) Four appointed by the President of the Senate, two of whom shall be Members of the Senate, and two private citizens.

(3) Four appointed by the Speaker of the House of Representatives, two of whom shall be Members of the House and two private citizens.

(b) Each person appointed as a member shall be experienced with, or have knowledge of, the major problems in the field of intergovernmental relations. Of the members enumerated in paragraphs (1), (2), and (3) of subsection (a), not more than two members in each class shall be from any one political party. Any vacancy in the membership of the Commission shall not affect the Commission's powers, but shall be filled in the same manner in which the original appointment was made.

(c) The Commission shall elect a Chairman and a Vice Chairman from among its members.

(d) Four members of the Commission shall constitute a quorum.

(e) Prior to making the appointments of members of the Commission as prescribed in paragraph (2) of this section, the President of the United States, the President of the Senate, and the Speaker of the House of Representatives shall consult with and be advised by representatives of organizations of State and local governmental officials.

DUTIES OF THE COMMISSION

SEC. 3. (a) It shall be the duty of the Commission to submit to the Congress specific recommendations based upon a study of—

(1) (A) the past and present relations between the National, State, and local governments of the United States; (B) the past and present allocation of governmental functions and powers among the National, State, and local governments of the United States; (C) governmental functions and powers exercised by two or more such governments, and the distribution of jurisdiction over such functions exercised by each such government; and

(2) the fiscal relations among the National, State, and local governments with a view of determining the possibilities, and mechanism for achieving, on a continuous basis, consistency in the fiscal policies of the several levels of governments. In making such study the Commission shall give particular attention to (A) intergovernmental tax immunities in terms of the problems they create for governments and taxpayers, and means for resolving these problems; (B) revenue sources and means for reducing or eliminating intergovernmental tax competition; and (C) grants-in-aid, tax sharing, and other similar measures for adjusting financial resources to the needs of State and local governments, with a view to proposing guides to the use of such devices and improvements in their operation.

(b) The Commission shall submit interim reports as such time or times as the Commission deems necessary, shall submit a comprehensive report of its activities and the results of its studies to the Congress on or before September 30, 1954, and shall submit its final report not later than December 31, 1954, at which date the Commission shall cease to exist. The final report of the Commission shall propose such constitutional amendments, legislative enactments, and administrative actions, as in its judgment are necessary to carry out its recommendations with respect to each level of government.

POWERS OF THE COMMISSION

SEC. 4. (a) The Commission may, in carrying out this Act, hold such hearings, require by subpoena or otherwise the attendance of such witnesses and the production of such correspondence, books, papers, and documents, take such testimony, and sit and act at such times and places as the Commission deems advisable. Any member of the Commission may administer oaths or affirmations to witnesses appearing before the Commission. The Commission may delegate the powers conferred by this subsection to any member or to a group of members of the Commission. Sections 102 and 104 of the Revised Statutes, as amended (2 U. S. C. 192, 194), shall be applicable in the case of the failure of any person to comply with the requirements of any subpoena issued and served upon him by the Commission.

(b) The Commission is authorized to secure from any department, agency, or independent instrumentality of the executive branch of the Government any information it deems necessary to carry out its functions under this Act; and each such department, agency, and instrumentality is authorized and directed to furnish such information to the Commission, upon request made by the Chairman or Vice Chairman.

(c) The Commission shall advise and consult with representatives of labor, industry, commerce, agriculture, taxpayers' organizations, State and local governments, and other interested groups, and may establish such advisory committee or committees as may be desirable from among such representatives. Members of any such advisory committee may be reimbursed for travel, subsistence, and other necessary expenses incurred by them at the direction of the Commission in the performance of their duties.

(d) The Commission shall have the power, without regard to the civil-service laws, to appoint and fix the compensation of an executive secretary, who shall be the chief administrative officer of the Commission, and such other personnel as it deems advisable, but the rates of compensation of such personnel shall not exceed the rates prescribed in the Classification Act of 1949 for comparable duties.

COMPENSATION OF MEMBERS OF THE COMMISSION

SEC. 5. (a) Members of the Commission who are appointed from among Members of Congress or from the executive branch of the Government shall serve without compensation in addition to that received for their services as Members of Congress or in the executive branch, but shall be reimbursed for travel, sub-

sistence, and other necessary expenses incurred by them in the performance of their duties as members of the Commission.

(b) Members of the Commission, other than those to whom subsection (a) is applicable, shall receive compensation at the rate of \$50 per day for each day they are engaged in the performance of their duties as members of the Commission and shall be reimbursed for travel, subsistence, and other necessary expenses incurred by them in the performance of their duties as members of the Commission.

AUTHORIZATION FOR APPROPRIATIONS

SEC. 6. There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this Act.

[H. R. 3603, 83d Cong., 1st sess.]

A BILL To provide for the establishment of a commission to investigate and make recommendations with respect to the distribution of governmental functions and sources of revenue within the framework of our Federal, State, and local systems of government

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Commission on Reallocation of Federal, State, and Local Functions and Sources of Revenue Act."

DECLARATION OF POLICY

SEC. 2. It is hereby declared to be the policy of the Congress that a study be made to determine the advisability of redistributing governmental functions and sources of revenue among the Federal, State, and local entities in order to—

(1) better secure the sovereignty of the several States with as much decentralization as is compatible with the national welfare;

(2) maintain and strengthen the American type of democracy based on individual liberty and extensive citizen participation in and control of government; and

(3) better provide services necessary for the general welfare.

ESTABLISHMENT OF THE COMMISSION ON REALLOCATION OF FEDERAL, STATE, AND LOCAL FUNCTIONS AND SOURCES OF REVENUE

SEC. 3. There is hereby established a bipartisan commission to be known as the Commission on Reallocation of Federal, State, and Local Functions and Sources of Revenue (in this Act referred to as the "Commission").

MEMBERSHIP OF THE COMMISSION

SEC. 4. (a) NUMBER AND APPOINTMENT.—The Commission shall be composed of nineteen members as follows:

(1) The Secretary of the Treasury, the Chairman of the Federal Reserve Board, and the Director of the Budget;

(2) Eight to be appointed by the President of the Senate, four from the Senate and four from among the governors of the States; and

(3) Eight to be appointed by the Speaker of the House of Representatives, four from the House of Representatives and four from the governors of the States.

(b) POLITICAL AFFILIATION.—Of each class of four members mentioned in subsection (a), two members shall be from each of the two major political parties, the Democratic members to be appointed upon recommendation of the minority leaders of the Senate and House of Representatives.

(c) VACANCIES.—Any vacancy in the Commission shall not affect its powers, but shall be filled in the same manner in which the original appointment was made except that any member of the Commission appointed to fill a vacancy shall be of the same political party as his predecessor.

ORGANIZATION OF THE COMMISSION

SEC. 5. The Commission shall elect a Chairman and a Vice Chairman from among its members.

QUORUM

SEC. 6. Ten members of the Commission shall constitute a quorum.

ESTABLISHMENT OF COMMISSIONS

COMPENSATION OF MEMBERS OF THE COMMISSION

SEC. 7. Members of the Commission shall receive no compensation for their services on the Commission as such, but they shall be reimbursed for travel, subsistence, and other expenses incurred by them in the performance of the duties vested in the Commission.

STAFF OF THE COMMISSION

SEC. 8. The Commission shall have power to appoint and fix the compensation of such personnel, as it deems advisable, without regard to the civil-service laws or the Classification Act of 1949.

ADVISORY COMMITTEES

SEC. 9. The Commission shall have power to establish local advisory committees, whose membership may be drawn from among local officials and persons in private life. Members of such advisory committees shall receive no compensation but shall be reimbursed for expenses in the same manner as members of the Commission.

EXPENSES OF THE COMMISSION

SEC. 10. There are hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, such funds as may be necessary to carry out the provisions of this Act.

EXPIRATION OF THE COMMISSION

SEC. 11. Ninety days after the submission to the Congress of the report provided for in section 12 (b), the Commission shall cease to exist.

DUTIES OF THE COMMISSION

SEC. 12. (a) STUDIES AND APPRAISALS.—The Commission shall study and appraise the functions and activities of government at National, State, and local levels, to determine which functions and activities can be most advantageously carried on at the various levels of government, and which require joint policy-making financing, and administration.

The Commission shall also study and appraise National, State, and local tax systems with a view to such revision thereof as will leave to the States and the localities adequate resources from which to raise revenue to meet the duties and responsibilities of State and local governments.

The Commission shall make such further studies and appraisals as in its opinion may be necessary to accomplish the purposes set forth in section 2 of this Act.

(b) REPORT.—The Commission shall make a report of its findings and recommendations to the Congress on or before January 31, 1954.

POWERS OF THE COMMISSION

SEC. 13. (a) HEARINGS.—For the purpose of carrying out any provision of this Act, the Commission, or any member thereof, may hold hearings and administer oaths, may examine witnesses and receive evidence at any place in the United States, and may require by subpoena the attendance and testimony of witnesses and the production of books, papers, correspondence, memoranda, and other records deemed relevant to the matter under inquiry. Subpoenas may be signed and issued by any member of the Commission. Witnesses summoned shall be paid the same fees and mileage that are paid witnesses in the district courts of the United States. In case of disobedience of a subpoena the Commission may invoke the aid of any court of the United States in requiring the attendance and testimony of witnesses and the production of documentary evidence. Any of the district courts of the United States within the jurisdiction of which such inquiry is carried on may, in case of contumacy or refusal to obey a subpoena issued to any person, issue an order requiring such person to appear (and to produce documentary evidence if so ordered) and give evidence relating to the matter in question; and any failure to obey such order of the court may be punished by such court as a contempt thereof. All process in any such case may be served in the judicial district whereof such person is an inhabitant or wherever he may be found.

(b) OBTAINING OFFICIAL DATA.—The Commission is authorized to secure directly from any department or agency of the Federal Government information, suggestions, estimates, and statistics for the purposes of this Act; and each such

department or agency is authorized and directed to furnish such information, suggestions, estimates, and statistics directly to the Commission, upon request made by the Chairman or Vice Chairman.

[H. R. 4406, 83d Cong., 1st sess.]

A BILL To establish a Commission on Governmental Functions and Fiscal Resources

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That—

DECLARATION OF PURPOSE

SECTION 1. Because existing confusion and wasteful duplication of functions and administration pose a threat to the objectives of programs of the Federal Government shared in by the States, including their political subdivisions, because the activity of the Federal Government has been extended into many fields which, under our constitutional system, are the primary interest and obligation of the several States and the subdivisions thereof, and because of the resulting complexity of intergovernmental relations, it is necessary to study the proper role of the Federal Government in relation to the States and their political subdivisions, with respect to such fields, to the end that these relations may be clearly defined and the functions concerned may be allocated to their proper jurisdiction. It is further necessary that intergovernmental fiscal relations be so adjusted that each level of government discharges the functions which belong within its jurisdiction in a sound and effective manner.

COMMISSION ON GOVERNMENTAL FUNCTIONS AND FISCAL RESOURCES

SEC. 2. (a) For the purpose of carrying out this Act there is hereby established a commission to be known as the Commission on Governmental Functions and Fiscal Resources, hereinafter referred to as the "Commission".

(b) The Commission shall be composed of twenty-five members, as follows:

(1) Fifteen members appointed by the President of the United States, from among whom the President shall designate the Chairman and the Vice Chairman of the Commission;

(2) Five members appointed by the President of the Senate, three from the majority party, and two from the minority party; and

(3) Five members appointed by the Speaker of the House of Representatives, three from the majority party, and two from the minority party.

(c) Any vacancy in the Commission shall not affect its powers, but shall be filled in the same manner in which the original appointment was made.

(d) Thirteen members of the Commission shall constitute a quorum, but a lesser number may conduct hearings.

(e) Service of an individual as a member of the Commission or employment of an individual by the Commission as an attorney or expert in any business or professional field, on a part-time or full-time basis, with or without compensation, shall not be considered as service or employment bringing such individual within the provisions of sections 281, 283, 284, 434, or 1914 of title 18 of the United States Code, or section 190 of the Revised Statutes (5 U. S. C. 99).

DUTIES OF THE COMMISSION

SEC. 3. (a) The Commission shall study and investigate all of the present activities in which Federal aid is extended to State and local governments. The Commission shall determine and report whether there is justification for Federal aid in the various fields in which Federal aid is extended; whether there are other fields in which Federal aid should be extended; whether Federal control with respect to these activities should be limited, and, if so, to what extent; whether Federal aid should be limited to cases of need; and all other matters incident to such Federal aid, including the ability of the Federal Government and the States to finance activities of this nature.

(b) The Commission, not later than March 1, 1954, shall submit to the President for transmittal to the Congress its final report, including recommendations for legislative action; and the Commission may also from time to time make to the President such earlier reports as the President may request or as the Commission deems appropriate.

HEARINGS; OBTAINING INFORMATION

SEC. 4. (a) The Commission or, on the authorization of the Commission, any subcommittee or member thereof, may, for the purpose of carrying out the provisions of this Act, hold such hearings and sit and act at such times and places, and take such testimony, as the Commission or such subcommittee or member may deem advisable.

(b) The Commission is authorized to secure from any department, agency, or independent instrumentality of the executive branch of the Government any information it deems necessary to carry out its functions under this Act; and each such department, agency, and instrumentality is authorized and directed to furnish such information to the Commission, upon request made by the Chairman or by the Vice Chairman when acting as Chairman.

APPROPRIATIONS, EXPENSES, AND PERSONNEL

SEC. 5. (a) There are hereby authorized to be appropriated such amounts as may be necessary to carry out the provisions of this Act.

(b) Each member of the Commission shall receive \$50 per diem when engaged in the performance of duties vested in the Commission, except that no compensation shall be paid by the United States, by reason of service as a member, to any member who is receiving other compensation from the Federal Government, or to any member who is receiving compensation from any State or local government.

(c) Each member of the Commission shall be reimbursed for travel, subsistence, and other necessary expenses incurred by him in the performance of duties vested in the Commission.

(d) The Commission may appoint and fix the compensation of such employees as it deems advisable in accordance with the provisions of the civil-service laws and the classification laws.

(e) The Commission may procure, without regard to the civil-service laws and the classification laws, temporary and intermittent services to the same extent as is authorized for the departments by section 15 of the Act of August 2, 1946 (60 Stat. 810), but at rates not to exceed \$50 per diem for individuals.

(f) Without regard to the civil-service and classification laws, the Commission may appoint and fix the compensation of a Director who shall perform such duties as the Commission shall prescribe.

TERMINATION OF THE COMMISSION

SEC. 6. Six months after the transmittal to the Congress of the final report provided for in section 3 of this Act, the Commission shall cease to exist.

[H. R. 4848, 83d Cong., 1st sess.]

A BILL To establish a National Commission on Intergovernmental Relations

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That there is hereby established a national bipartisan commission, in which the various levels of government are represented, to be known as the National Commission on Intergovernmental Relations (hereinafter referred to as the "Commission"). In view of the constantly increasing complexity, during the last century and a half, of a vast network of relationships among the Federal, State, county, and municipal governments in the United States, this Commission is established for the purpose of studying and making recommendations to the President and the Congress, in an effort to bring about—

(1) the finding of ways and means of establishing a more orderly and less competitive fiscal relationship between the several levels of government. Major aspects of this problem include the overlapping and confused systems of taxation and the increasing demands made upon the Federal Government and the States for tax sharing and grants-in-aid, without following any consistent overall pattern;

(2) the elimination of duplication and overlapping services, activities, and functions, and the securing of a better coordination of such services, activities, and functions among the several levels of government;

(3) the attainment of such an allocation of governmental functions among the several levels of government as will contribute to economy in governmental administration on the one hand, and maximum service to the public on the other;

(4) a reduction in the total governmental expenditures to the lowest possible level consistent with the efficient performance of essential services, activities, and functions; and

(5) the development, within the existing constitutional framework, of a governmental structure, and such cooperative policies and procedures as will tend to overcome existing obstacles to efficient governmental administration, and to lay a sound foundation for future development.

SEC. 2. (a) The Commission shall be composed of fourteen members as follows:

(1) Five appointed by the President of the United States, two of whom shall be officers of the executive branch of the Government, and three of whom shall be private citizens, all of whom shall have had experience with or knowledge of major problems in the field of intergovernmental relations.

(2) Two appointed by the President of the Senate, who shall be Members of the Senate.

(3) Two appointed by the Speaker of the House of Representatives, who shall be Members of the House.

(4) Two appointed by the President of the United States, who shall be State officials, from a panel of at least four, submitted by the Council of State Governments.

(5) Two appointed by the President of the United States, who shall be municipal officials, from a panel of at least four, submitted jointly by the American Municipal Association, the International City Managers Association, and the United States Conference of Mayors.

(6) One appointed by the President of the United States, who shall be a county official, from a panel of at least two, submitted by the National Association of County Officials.

(b) Of the members enumerated in paragraph (1) of subsection (a), not more than three members shall be from any one political party; of each class of members enumerated in paragraphs (2), (3), (4), and (5) of subsection (a), not more than one member shall be from any one political party.

(c) Any vacancy in the Commission shall not affect its powers, but shall be filled in the same manner in which the original appointment was made.

(d) The Commission shall elect a chairman and a vice chairman from among its members.

(e) Seven members of the Commission shall constitute a quorum.

SEC. 3. (a) It shall be the duty of the Commission—

(1) to make a thorough and comprehensive study of the subjects listed below, and of any related subjects, with a view of determining what changes in existing relationships, in its opinion, are necessary to the accomplishment of the purposes set forth in section 1 of this Act:

A. The origin and development, and present status, of the relations and interrelations of the Federal, State, and local governments of the United States;

B. The allocation of governmental functions among the Federal, State, and local governments of the United States;

C. The problem of geographical areas as related to governmental functions, field administration, and metropolitan communities;

D. The gradual encroachment upon our Federal system of current and impending developments in the fiscal relations of the Federal Government with the States, and of the States with their political subdivisions;

(2) to submit its final report and recommendations to the President and the Congress on the subjects indicated above, and suggest plans and procedures for carrying these recommendations into effect, not later than February 1, 1952.

SEC. 4. (a) The Commission may, in carrying out this Act, hold such hearings and take such testimony, sit and act at such times and places as it deems advisable. Any member of the Commission may administer oaths or affirmations to witnesses appearing before the Commission. The Commission may delegate the powers conferred by this subsection to any member or to a group of members of the Commission.

(b) The Commission is authorized to secure from any department, agency, or independent instrumentality of the executive branch of the Government any information it deems necessary to carry out its functions under this Act; and each such department, agency, or instrumentality, is authorized and directed to furnish such information to the Commission, upon request made by the chairman or vice chairman.

(c) The Commission shall have power to appoint and fix the compensation of a Director of Research and all other necessary personnel without regard to the civil-service laws, and without reference to political affiliations, solely on the ground of fitness to perform the duties of their office.

SEC. 5. (a) Members of the Commission, other than those to whom subsections (b) and (c) of section 2 are applicable, and within the provisions of subsection (c) of section 5, shall receive compensation at the rate of \$50 per day for each day they are engaged in the performance of their duties as members of the Commission, and shall be reimbursed for travel, subsistence, and other necessary expenses incurred by them in the performance of their duties as members of the Commission.

(b) Members of the Commission who are Members of Congress shall serve without compensation in addition to that received for their services as Members of Congress; but shall be reimbursed for travel, subsistence, and other necessary expenses incurred by them in the performance of their duties as members of the Commission.

(c) Each member of the Commission from the executive branch of the Government shall receive, in addition to the compensation for duties performed in the executive branch, \$50 per day for each day he is engaged in the performance of his duties as a member of the Commission: *Provided, however,* That his total aggregate annual salary shall not exceed \$12,500; and shall be reimbursed for travel, subsistence, and other necessary expenses incurred in the performance of his duties as a member of the Commission.

SEC. 6. There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this Act.

SEC. 7. The Commission shall cease to exist at the end of the fiscal year during which its final report to the President and the Congress is made.

[H. R. 4851, 83d Cong., 1st sess.]

A BILL To establish a National Commission on Intergovernmental Relations

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

ESTABLISHMENT OF THE NATIONAL COMMISSION ON GOVERNMENTAL RELATIONS

SECTION 1. There is hereby established a national bipartisan commission, in which the various levels of government are represented, to be known as the National Commission on Intergovernmental Relations (hereinafter referred to as the "Commission"). In view of the constantly increasing complexity, during the last century and a half, of a vast network of relationships among the Federal, State, county, and municipal governments in the United States, this Commission is established for the purpose of studying and making recommendations to the President and the Congress, in an effort to bring about—

(1) the finding of ways and means of establishing a more orderly and less competitive fiscal relationship between the several levels of government. Major aspects of this problem include the overlapping and confused systems of taxation and the increasing demands made upon the Federal Government and the States for tax-sharing and grants-in-aid, without following any consistent over-all pattern;

(2) the elimination of duplication and overlapping services, activities, and functions, and the securing of a better coordination of such services, activities, and functions among the several levels of government;

(3) the attainment of such an allocation of governmental functions among the several levels of government as will contribute to economy in governmental administration on the one hand, and maximum service to the public on the other;

(4) a reduction in the total governmental expenditures to the lowest possible level consistent with the efficient performance of essential services, activities, and functions;

(5) the development, within the existing constitutional framework, of a governmental structure, and such cooperative policies and procedures as will tend to overcome existing obstacles to efficient governmental administration, and to lay a sound foundation for future development.

MEMBERSHIP OF THE COMMISSION

SEC. 2. (a) The Commission shall be composed of fourteen members, as follows:

(1) Five appointed by the President of the United States, two of whom shall be officers of the executive branch of the Government and three of whom shall be private citizens, all of whom shall have had experience with or knowledge of major problems in the field of intergovernmental relations;

(2) Two appointed by the President of the Senate, who shall be Members of the Senate;

(3) Two appointed by the Speaker of the House of Representatives, who shall be Members of the House;

(4) Two appointed by the President of the United States, who shall be State officials, from a panel of at least four, submitted by the Council of State Governments;

(5) Two appointed by the President of the United States, who shall be municipal officials, from a panel of at least four, submitted by the American Municipal Association, the International City Managers Association, and the United States Conference of Mayors;

(6) One appointed by the President of the United States, who shall be a county official, from a panel of at least two, submitted by the National Association of County Officials.

(b) Of the members enumerated in paragraph (1) of subsection (a), not more than three members shall be from any one political party; of each class of members enumerated in paragraphs (2), (3), (4), and (5) of subsection (a), not more than one member shall be from any one political party.

(c) Any vacancy in the Commission shall not affect its powers, but shall be filled in the same manner in which the original appointment was made.

(d) The Commission shall elect a Chairman and a Vice Chairman from among its members.

(e) Seven members of the Commission shall constitute a quorum.

DUTIES OF THE COMMISSION

SEC. 3. It shall be the duty of the Commission—

(1) to make a thorough and comprehensive study of the subjects listed below, and of any related subjects, with a view to determining what changes in existing relationships, in its opinion, are necessary to the accomplishment of the purposes set forth in section 1 of this Act—

(A) the origin and development, and present status, of the relations and interrelations of the Federal, State, and local governments of the United States;

(B) the allocation of governmental functions among the Federal, State, and local governments of the United States;

(C) the problem of geographical areas as related to governmental functions, field administration, and metropolitan communities;

(D) the gradual encroachment upon our Federal system of current and impending developments in the fiscal relations of the Federal Government with the States, and of the States with their political subdivisions;

(2) to submit its final report and recommendations to the President and the Congress on the subjects indicated above, and suggest plans and procedures for carrying these recommendations into effect, not later than March 31, 1955.

POWERS OF THE COMMISSION

SEC. 4. (a) The Commission may, in carrying out this Act, hold such hearings, require by subpoena or otherwise the attendance of such witnesses, and the production of such correspondence, books, papers, and documents, take such testimony, sit and act as such times and places as it deems advisable. Any member of the Commission may administer oaths or affirmations to witnesses appearing before the Commission. The Commission may delegate the powers conferred by this subsection to any member or to a group of members of the Commission. Sections 102 and 104 of the Revised Statutes, as amended (2 U. S. C. 192, 194), shall be applicable in the case of the failure of any person to comply with the requirements of any subpoena issued and served upon him by the Commission.

(b) The Commission is authorized to secure from any department, agency, or independent instrumentality of the executive branch of the Government any information it deems necessary to carry out its functions under this Act; and

each such department, agency, or instrumentality is authorized and directed to furnish such information to the Commission, upon request made by the Chairman or Vice Chairman.

(c) The Commission shall have power to appoint and fix the compensation of a Director of Research and all other necessary personnel without regard to the civil-service laws, and without reference to political affiliations, solely on the ground of fitness to perform the duties of their office.

COMPENSATION OF COMMISSION MEMBERS

SEC. 5. (a) Members of the Commission, other than those to whom subsections (b) and (c) of section 2 are applicable, and within the provisions of subsection (e) of section 5, shall receive compensation at the rate of \$50 per day for each day they are engaged in the performance of their duties as members of the Commission, and shall be reimbursed for travel, subsistence, and other necessary expenses incurred by them in the performance of their duties as members of the Commission.

(b) Members of the Commission who are Members of Congress shall serve without compensation in addition to that received for their services as Members of Congress; but shall be reimbursed for travel, subsistence, and other necessary expenses incurred by them in the performance of their duties as members of the Commission.

(c) Each member of the Commission from the executive branch of the Government shall receive, in addition to the compensation for duties performed in the executive branch, \$50 per day for each day he is engaged in the performance of his duties as a member of the Commission: *Provided, however,* That his total aggregate annual salary shall not exceed \$12,500; and shall be reimbursed for travel, subsistence, and other necessary expenses incurred in the performance of his duties as a member of the Commission.

AUTHORIZATION FOR APPROPRIATIONS

SEC. 6. There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this Act.

WHEN COMMISSION EXPIRES

SEC. 7. The Commission shall cease to exist at the end of the fiscal year during which its final report to the President and the Congress is made.

[H. R. 280, 83d Cong., 1st sess.]

▲ BILL To reestablish the Commission on Organization of the Executive Branch of the Government

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

DECLARATION OF POLICY

SECTION 1. It is hereby declared to be the policy of Congress to promote economy, efficiency, and improved service in the transaction of the public business in the departments, bureaus, agencies, boards, commissions, offices, independent establishments, and instrumentalities of the executive branch of the Government and thus to serve the needs of national defense and security by—

- (1) limiting expenditures, particularly those of a nondefense character, to the lowest amount consistent with the efficient performance of essential services, activities, and functions;
- (2) eliminating duplication and overlapping of services, activities, and functions, particularly those of a nondefense character;
- (3) consolidating services, activities, and functions of a similar nature, particularly those of a nondefense character;
- (4) abolishing services, activities, and functions not necessary to the efficient conduct of government, particularly those of a nondefense character; and
- (5) defining and limiting executive functions, services, and activities, particularly those of a nondefense character.

REESTABLISHMENT OF THE COMMISSION ON REORGANIZATION OF THE EXECUTIVE
BRANCH

SEC. 2. For the purpose of carrying out the policy set forth in section 1 of this Act, there is hereby reestablished a bipartisan commission to be known as the Commission on Organization of the Executive Branch of the Government (in this Act referred to as the "Commission"), originally established pursuant to Public Law 162, Eightieth Congress.

MEMBERSHIP OF THE COMMISSION

SEC. 3. (a) NUMBER AND APPOINTMENT.—The Commission shall be composed of twelve members as follows:

(1) Four appointed by the President of the United States, two from the executive branch of the Government and two from private life;

(2) Four appointed by the President pro tempore of the Senate, two from the Senate and two from private life; and

(3) Four appointed by the Speaker of the House of Representatives, two from the House of Representatives and two from private life.

(b) POLITICAL AFFILIATION.—Of each class of two members mentioned in subsection (a), not more than one member shall be from each of the two major political parties.

(c) VACANCIES.—Any vacancy in the Commission shall not affect its powers, but shall be filled in the same manner in which the original appointment was made.

ORGANIZATION OF THE COMMISSION

SEC. 4. The Commission shall elect a Chairman and a Vice Chairman from among its members.

QUORUM

SEC. 5. Seven members of the Commission shall constitute a quorum.

COMPENSATION OF MEMBERS OF THE COMMISSION

SEC. 6. (a) MEMBERS OF CONGRESS.—Members of Congress who are members of the Commission shall serve without compensation in addition to that received for their services as Members of Congress; but they shall be reimbursed for travel, subsistence, and other necessary expenses incurred by them in the performance of the duties vested in the Commission.

(b) MEMBERS FROM THE EXECUTIVE BRANCH.—The members of the Commission who are in the executive branch of the Government shall each receive the Compensation which he would receive if he were not a member of the Commission, plus such additional compensation, if any (notwithstanding section 6 of the Act of May 10, 1916, as amended; 39 Stat. 582; 5 U. S. C. 58), as is necessary to make his aggregate salary \$12,500; and they shall be reimbursed for travel, subsistence, and other necessary expenses incurred by them in the performance of the duties vested in the Commission.

(c) MEMBERS FROM PRIVATE LIFE.—The members from private life shall each receive \$50 per diem when engaged in the performance of duties vested in the Commission, plus reimbursement for travel, subsistence, and other necessary expenses incurred by them in the performance of such duties.

STAFF OF THE COMMISSION

SEC. 7. The Commission shall have power to appoint and fix the compensation of such personnel as it deems advisable, in accordance with the provisions of the civil-service laws and the Classification Act of 1923, as amended.

EXPENSES OF THE COMMISSION

SEC. 8. There is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, so much as may be necessary to carry out the provisions of this Act.

DUTIES OF THE COMMISSION

SEC. 9. (a) INVESTIGATION.—The Commission shall study and investigate the present organization and methods of operation of all departments, bureaus, agencies, boards, commissions, offices, independent establishments, and instrumentalities.

ties of the executive branch of the Government, particularly those of a nondefense character to determine what changes therein are necessary in their opinion to accomplish the purposes set forth in section 1 of this Act.

POWERS OF THE COMMISSION

SEC. 10. (a) **HEARINGS AND SESSIONS.**—The Commission, or any member thereof, may, for the purpose of carrying out the provisions of this Act, hold such hearings and sit and act at such times and places, and take such testimony, as the Commission or such member may deem advisable. Any member of the Commission may administer oaths or affirmations to witnesses appearing before the Commission or before such member.

(b) **OBTAINING OFFICIAL DATA.**—The Commission is authorized to secure directly from any executive department, bureau, agency, board, commission, office, independent establishment, or instrumentality information, suggestions, estimates and statistics for the purpose of this Act; and each such department, bureau, agency, board, commission, office, establishment or instrumentality is authorized and directed to furnish such information, suggestions, estimates, and statistics directly to the Commission, upon request made by the Chairman or Vice Chairman.

[H. R. 469, 83d Cong., 1st sess.]

A BILL To reestablish the Commission on Organization of the Executive Branch of the Government

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

DECLARATION OF POLICY

SECTION 1. It is hereby declared to be the policy of Congress to promote economy, efficiency, and improved service in the transaction of the public business in the departments, bureaus, agencies, boards, commissions, offices, independent establishments, and instrumentalities of the executive branch of the Government and thus to serve the needs of national defense and security by—

- (1) Limiting expenditures, particularly those of a nondefense character, to the lowest amount consistent with the efficient performance of essential services, activities, and functions;
- (2) eliminating duplication and overlapping of services, activities, and functions, particularly those of a nondefense character;
- (3) consolidating services, activities, and functions of a similar nature, particularly those of a nondefense character;
- (4) abolishing services, activities, and functions not necessary to the efficient conduct of government, particularly those of a nondefense character; and
- (5) defining and limiting executive functions, services, and activities, particularly those of a nondefense character.

REESTABLISHMENT OF THE COMMISSION ON REORGANIZATION OF THE EXECUTIVE BRANCH

Sec. 2. For the purpose of carrying out the policy set forth in section 1 of this Act, there is hereby reestablished a bipartisan commission to be known as the Commission on Organization of the Executive Branch of the Government (in this Act referred to as the "Commission"), originally established pursuant to Public Law 162, Eightieth Congress.

MEMBERSHIP OF THE COMMISSION

SEC. 3. (a) **NUMBER AND APPOINTMENT.**—The Commission shall be composed of twelve members as follows:

- (1) Four appointed by the President of the United States, two from the executive branch of the Government and two from private life;
- (2) Four appointed by the President pro tempore of the Senate, two from the Senate and two from private life; and

(3) Four appointed by the Speaker of the House of Representatives, two from the House of Representatives and two from private life.

(b) **POLITICAL AFFILIATION.**—Of each class of two members mentioned in subsection (a), not more than one member shall be from each of the two major political parties.

(c) **VACANCIES.**—Any vacancy in the Commission shall not effect its powers, but shall be filled in the same manner in which the original appointment was made.

ORGANIZATION OF THE COMMISSION

SEC. 4. The Commission shall elect a Chairman and a Vice Chairman from among its members.

QUORUM

SEC. 5. Seven members of the Commission shall constitute a quorum.

COMPENSATION OF MEMBERS OF THE COMMISSION

SEC. 6. (a) MEMBERS OF CONGRESS.—Members of Congress who are members of the Commission shall serve without compensation in addition to that received for their services as Members of Congress; but they shall be reimbursed for travel, subsistence, and other necessary expenses incurred by them in the performance of the duties vested in the Commission.

(b) **MEMBERS FROM THE EXECUTIVE BRANCH.**—The members of the Commission who are in the executive branch of the Government shall each receive the compensation which he would receive if he were not a member of the Commission, plus such additional compensation, if any (notwithstanding section 6 of the Act of May 10, 1916, as amended; 39 Stat. 582; 5 U. S. C. 58), as is necessary to make his aggregate salary \$12,500; and they shall be reimbursed for travel, subsistence, and other necessary expenses incurred by them in the performance of the duties vested in the Commission.

(c) **MEMBERS FROM PRIVATE LIFE.**—The members from private life shall each receive \$50 per diem when engaged in the performance of duties vested in the Commission, plus reimbursement for travel, subsistence, and other necessary expenses incurred by them in the performance of such duties.

STAFF OF THE COMMISSION

SEC. 7. The Commission shall have power to appoint and fix the compensation of such personnel as it deems advisable, in accordance with the provisions of the civil-service laws and the Classification Act of 1923, as amended.

EXPENSES OF THE COMMISSION

SEC. 8. There is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, so much as may be necessary to carry out the provisions of this Act.

DUTIES OF THE COMMISSION

SEC. 9. INVESTIGATION.—The Commission shall study and investigate the present organization and methods of operation of all departments, bureaus, agencies, boards, commissions, offices, independent establishments, and instrumentalities of the executive branch of the Government, particularly those of a nondefense character to determine what changes therein are necessary in their opinion to accomplish the purposes set forth in section 1 of this Act.

POWERS OF THE COMMISSION

SEC. 10. (a) HEARINGS AND SESSIONS.—The Commission, or any member thereof, may, for the purpose of carrying out the provisions of this Act, hold such hearings and sit and act at such times and places, and take such testimony, as the Commission or such member may deem advisable. Any member of the Commission may administer oaths or affirmations to witnesses appearing before the Commission or before such member.

(b) **OBTAINING OFFICIAL DATA.**—The Commission is authorized to secure directly from any executive department, bureau, agency, board, commission,

office, independent establishment, or instrumentality information, suggestions, estimates, and statistics for the purpose of this Act; and each such department, bureau, agency, board, commission, office, establishment, or instrumentality is authorized and directed to furnish such information, suggestions, estimates, and statistics directly to the Commission, upon request made by the Chairman or Vice Chairman.

[H. R. 992, 83d Cong., 1st sess.]

A BILL For the establishment of the Commission on Organization of the Executive Branch of the Government

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

DECLARATION OF POLICY

SECTION 1. It is hereby declared to be the policy of Congress to promote economy, efficiency, and improved service in the transaction of the public business in the departments, bureaus, agencies, boards, commissions, offices, independent establishments, and instrumentalities of the executive branch of the Government by—

- (1) limiting expenditures to the lowest amount consistent with the efficient performance of essential services, activities, and functions;
- (2) eliminating duplication and overlapping of services, activities, and functions;
- (3) consolidating services, activities, and functions of a similar nature;
- (4) abolishing services, activities, and functions not necessary to the efficient conduct of government;
- (5) defining and limiting executive functions, services, and activities;
- (6) eliminating services, functions and activities more properly within the jurisdiction of state and local governments;
- (7) eliminating nonessential services, functions, and activities which are competitive with private enterprise;
- (8) postponing expenditures during periods of heavy defense commitments where deferral will not impair essential functioning of government;
- (9) defining responsibilities of officials; and
- (10) relocating agencies now responsible directly to the President in departments or other agencies.

ESTABLISHMENT OF THE COMMISSION ON ORGANIZATION OF THE EXECUTIVE BRANCH

SEC. 2. For the purpose of carrying out the policy set forth in section 1 of this Act, there is hereby established a commission to be known as the Commission on Organization of the Executive Branch of the Government (in this Act referred to as the "Commission").

MEMBERSHIP OF THE COMMISSION

SEC. 3 (a) NUMBER AND APPOINTMENT.—The Commission shall be composed of twelve members as follows:

- (1) Four appointed by the President of the United States, two from the executive branch of the Government and two from private life;
- (2) Four appointed by the President pro tempore of the Senate, two from the Senate and two from private life; and
- (3) Four appointed by the Speaker of the House of Representatives, two from the House of Representatives and two from private life.

(b) QUALIFICATIONS OF MEMBERS.—Of each class of four members appointed under paragraphs (1), (2), and (3) of subsection (a), respectively, one member, if available, shall have served on the Commission established pursuant to the Act entitled "An Act for the establishment of the Commission on Organization of the Executive Branch of the Government", approved July 7, 1947.

(c) VACANCIES.—Any vacancy in the Commission shall not affect its powers, but shall be filled in the same manner in which the original appointment was made.

ORGANIZATION OF THE COMMISSION

SEC. 4. The Commission shall elect a Chairman and a Vice Chairman from among its members.

QUORUM

SEC. 5. Seven members of the Commission shall constitute a quorum.

COMPENSATION OF MEMBERS OF THE COMMISSION

SEC. 6. (a) MEMBERS OF CONGRESS.—Members of Congress who are members of the Commission shall serve without compensation in addition to that received for their services as Members of Congress; but they shall be reimbursed for travel, subsistence, and other necessary expenses incurred by them in the performance of the duties vested in the Commission.

(b) MEMBERS FROM THE EXECUTIVE BRANCH.—The members of the Commission who are in the executive branch of the Government shall serve without compensation in addition to that received for their services in the executive branch, but they shall be reimbursed for travel, subsistence, and other necessary expenses incurred by them in the performance of the duties vested in the Commission.

(c) MEMBERS FROM PRIVATE LIFE.—The members from private life shall each receive \$75 per diem when engaged in the actual performance of duties vested in the Commission, plus reimbursement for travel, subsistence, and other necessary expenses incurred by them in the performance of such duties.

STAFF OF THE COMMISSION

SEC. 7. The Commission shall have power to appoint and fix the compensation of such personnel as it deems advisable, in accordance with the provisions of the civil service laws and the Classification Act of 1923, as amended.

EXPENSES OF THE COMMISSION

SEC. 8. There is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, so much as may be necessary to carry out the provisions of this Act.

EXPIRATION OF THE COMMISSION

SEC. 9. Ninety days after the submission to the Congress of the report provided for in section 10 (b), the Commission shall cease to exist.

DUTIES OF THE COMMISSION

SEC. 10. (a) INVESTIGATION.—The Commission shall study and investigate the present organization and methods of operation of all departments, bureaus, agencies, boards, commissions, offices, independent establishments, and instrumentalities of the executive branch of the government to determine what changes therein are necessary in their opinion to accomplish the purposes set forth in section 1 of this Act.

(b) REPORT.—The Commission shall make a report of its findings and recommendations to the Congress not later than February 1, 1954.

POWERS OF THE COMMISSION

SEC. 11. (a) HEARINGS AND SESSIONS.—The Commission, or any member thereof, may, for the purpose of carrying out the provisions of this Act, hold such hearings and sit and act at such times and places, and take such testimony, as the Commission or such member may deem advisable. Any member of the Commission may administer oaths or affirmations to witnesses appearing before the Commission or before such member.

(b) OBTAINING OFFICIAL DATA.—The Commission is authorized to secure directly from any executive department, bureau, agency, board, commission, office, independent establishment, or instrumentality information, suggestions, estimates, and statistics for the purpose of this Act; and each such department, bureau, agency board, commission, office, establishment, or instrumentality is authorized and directed to furnish such information, suggestions, estimates, and statistics directly to the Commission, upon request made by the Chairman or Vice Chairman.

[H. R. 1248, 83d Cong., 1st sess.]

A BILL To reestablish the Commission on Organization of the Executive Branch of the Government

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

DECLARATION OF POLICY

SECTION 1. It is hereby declared to be the policy of Congress to promote economy, efficiency, and improved service in the transaction of the public business in the departments, bureaus, agencies, boards, commissions, offices, independent establishments, and instrumentalities of the executive branch of the Government and thus to serve the needs of national defense and security by—

(1) limiting expenditures, particularly those of a nondefense character, to the lowest amount consistent with the efficient performance of essential services, activities, and functions;

(2) eliminating duplication and overlapping of services, activities, and functions, particularly those of a nondefense character;

(3) consolidating services, activities, and functions of a similar nature, particularly those of a nondefense character;

(4) abolishing services, activities, and functions not necessary to the efficient conduct of government, particularly those of a nondefense character; and

(5) defining and limiting executive functions, services, and activities, particularly those of a nondefense character.

REESTABLISHMENT OF THE COMMISSION ON ORGANIZATION OF THE EXECUTIVE BRANCH

SEC. 2. For the purpose of carrying out the policy set forth in section 1 of this Act, there is hereby reestablished a bipartisan commission to be known as the Commission on Organization of the Executive Branch of the Government (in this Act referred to as the "Commission"), originally established pursuant to Public Law 162, Eightieth Congress.

MEMBERSHIP OF THE COMMISSION

SEC. 3. (a) NUMBER AND APPOINTMENT.—The Commission shall be composed of twelve members as follows:

(1) Four appointed by the President of the United States, two from the executive branch of the Government and two from private life;

(2) Four appointed by the President pro tempore of the Senate, two from the Senate, and two from private life; and

(3) Four appointed by the Speaker of the House of Representatives, two from the House of Representatives, and two from private life.

(b) POLITICAL AFFILIATION.—Of each class of two members mentioned in subsection (a), not more than one member shall be from each of the two major political parties.

(c) VACANCIES.—Any vacancy in the Commission shall not affect its powers, but shall be filled in the same manner in which the original appointment was made.

ORGANIZATION OF THE COMMISSION

SEC. 4. The Commission shall elect a Chairman and a Vice Chairman from among its members.

QUORUM

SEC. 5. Seven members of the Commission shall constitute a quorum.

COMPENSATION OF MEMBERS OF THE COMMISSION

SEC. 6. (a) MEMBERS OF CONGRESS.—Members of Congress who are members of the Commission shall serve without compensation in addition to that received for their services as Members of Congress; but they shall be reimbursed for travel, subsistence, and other necessary expenses incurred by them in the performance of the duties vested in the Commission.

(b) MEMBERS FROM THE EXECUTIVE BRANCH.—The members of the Commission who are in the executive branch of the Government shall each receive the compensation which he would receive if he were not a member of the Commission,

plus additional compensation, if any (notwithstanding section 6 of the Act of such May 10, 1916, as amended; 39 Stat. 582; 5 U. S. C. 58), as is necessary to make his aggregate salary \$12,500; and they shall be reimbursed for travel, subsistence, and other necessary expenses incurred by them in the performance of the duties vested in the Commission.

(c) MEMBERS FROM PRIVATE LIFE.—The members from private life shall each receive \$50 per diem when engaged in the performance of duties vested in the Commission, plus reimbursement for travel, subsistence, and other necessary expenses incurred by them in the performance of such duties.

STAFF OF THE COMMISSION

SEC. 7. The Commission shall have power to appoint and fix the compensation of such personnel as it deems advisable, in accordance with the provisions of the civil-service laws and the Classification Act of 1923, as amended.

EXPENSES OF THE COMMISSION

SEC. 8. There is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, so much as may be necessary to carry out the provisions of this Act.

DUTIES OF THE COMMISSION

SEC. 9. (a) INVESTIGATION.—The Commission shall study and investigate the present organization and methods of operation of all departments, bureaus, agencies, boards, commissions, offices, independent establishments, and instrumentalities of the executive branch of the Government, particularly those of a nondefense character to determine what changes therein are necessary in their opinion to accomplish the purposes set forth in section 1 of this Act.

POWERS OF THE COMMISSION

SEC. 10. (a) HEARINGS AND SESSIONS.—The Commission, or any member thereof, may, for the purpose of carrying out the provisions of this Act, hold such hearings and sit and act at such times and places, and take such testimony, as the Commission or such member may deem advisable. Any member of the Commission may administer oaths or affirmations to witnesses appearing before the Commission or before such member.

(b) OBTAINING OFFICIAL DATA.—The Commission is authorized to secure, directly from any executive department, bureau, agency, board, commission, office, independent establishment, or instrumentality information, suggestions, estimates, and statistics for the purpose of this Act; and each such department, bureau, agency, board, commission, office, establishment, or instrumentality is authorized and directed to furnish such information, suggestions, estimates, and statistics directly to the Commission, upon request made by the Chairman or Vice Chairman.

[H. R. 2089, 83d Cong., 1st sess.]

A BILL To reestablish the Commission on Organization of the Executive Branch of the Government

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

DECLARATION OF POLICY

SECTION 1. It is hereby declared to be the policy of Congress to promote economy, efficiency, and improved service in the transaction of the public business in the departments, bureaus, agencies, boards, commissions, offices, independent establishments, and instrumentalities of the executive branch of the Government and thus to serve the needs of national defense and security by—

(1) limiting expenditures, particularly those of a nondefense character, to the lowest amount consistent with the efficient performance of essential services, activities, and functions;

(2) eliminating duplication and overlapping of services, activities, and functions, particularly those of a nondefense character;

(3) consolidating services, activities, and functions of a similar nature, particularly those of a nondefense character;

(4) abolishing services, activities, and functions not necessary to the efficient conduct of government, particularly those of a nondefense character; and

(5) defining and limiting executive functions, services, and activities, particularly those of a nondefense character.

REESTABLISHMENT OF THE COMMISSION ON REORGANIZATION OF THE EXECUTIVE BRANCH

SEC. 2. For the purpose of carrying out the policy set forth in section 1 of this Act, there is hereby reestablished a bipartisan commission to be known as the Commission on Organization of the Executive Branch of the Government (in this Act referred to as the "Commission").

MEMBERSHIP OF THE COMMISSION

SEC. 3. (a) NUMBER AND APPOINTMENT.—The Commission shall be composed of twelve members as follows:

(1) Four appointed by the President of the United States, two from the executive branch of the Government and two from private life;

(2) Four appointed by the President pro tempore of the Senate, two from the Senate and two from private life; and

(3) Four appointed by the Speaker of the House of Representatives, two from the House of Representatives and two from private life.

(b) POLITICAL AFFILIATION.—Of each class of two members mentioned in subsection (a), not more than one member shall be from each of the two major political parties.

(c) VACANCIES.—Any vacancy in the Commission shall not affect its powers, but shall be filled in the same manner in which the original appointment was made.

ORGANIZATION OF THE COMMISSION

SEC. 4. The Commission shall elect a Chairman and a Vice Chairman from among its members.

QUORUM

SEC. 5. Seven members of the Commission shall constitute a quorum.

COMPENSATION OF MEMBERS OF THE COMMISSION

SEC. 6. (a) MEMBERS OF CONGRESS.—Members of Congress who are members of the Commission shall serve without compensation in addition to that received for their services as Members of Congress; but they shall be reimbursed for travel, subsistence, and other necessary expenses incurred by them in the performance of the duties vested in the Commission.

(b) MEMBERS FROM THE EXECUTIVE BRANCH.—The members of the Commission who are in the executive branch of the Government shall each receive the compensation which he would receive if he were not a member of the Commission, plus such additional compensation, if any (notwithstanding section 6 of the Act of May 10, 1916, as amended; 39 Stat. 582; 5 U. S. C. 58), as is necessary to make his aggregate salary \$12,500; and they shall be reimbursed for travel, subsistence, and other necessary expenses incurred by them in the performance of the duties vested in the Commission.

(c) MEMBERS FROM PRIVATE LIFE.—The members from private life shall each receive \$50 per diem when engaged in the performance of duties vested in the Commission, plus reimbursement for travel, subsistence, and other necessary expenses incurred by them in the performance of such duties.

STAFF OF THE COMMISSION

SEC. 7. The Commission shall have power to appoint and fix the compensation of such personnel as it deems advisable, in accordance with the provisions of the civil-service laws and the Classification Act of 1923, as amended.

EXPENSES OF THE COMMISSION

SEC. 8. There is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, so much as may be necessary to carry out the provisions of this Act.

DUTIES OF THE COMMISSION

SEC. 9. (a) INVESTIGATION.—The Commission shall study and investigate the present organization and methods of operation of all departments, bureaus, agencies, boards, commissions, offices, independent establishments, and instrumentalities of the executive branch of the Government, particularly those of a nondefense character to determine what changes therein are necessary in their opinion to accomplish the purposes set forth in section 1 of this Act.

POWERS OF THE COMMISSION

SEC. 10. (a) HEARINGS AND SESSIONS.—The Commission, or any member thereof, may, for the purpose of carrying out the provisions of this Act, hold such hearings and sit and act at such times and places, and take such testimony, as the Commission or any such member may deem advisable. Any member of the Commission may administer oaths or affirmations to witnesses appearing before the Commission or before such member.

(b) OBTAINING OFFICIAL DATA.—The Commission is authorized to secure directly from any executive department, bureau, agency, board, commission, office, independent establishment, or instrumentality information, suggestions, estimates, and statistics for the purpose of this Act; and each such department, bureau, agency, board, commission, office, establishment, or instrumentality is authorized and directed to furnish such information, suggestions, estimates, and statistics directly to the Commission, upon request made by the Chairman or Vice Chairman.

Comparison of provisions of pending bills to establish a commission on governmental functions and fiscal resources

H. R. 302 (Hoffman) H. R. 1606 (Rains) H. R. 3183 (Mills)	FINDINGS OF FACT	H. R. 1300 (Ostertag) H. R. 1838 (Ostertag)	H. R. 4848 (Harvey) H. R. 4851 (Rains)	H. R. 4406 (Halleck) (Companion to Taft Bill)	H. R. 121 (Coudert) H. R. 3603 (Donohue)
<p>SECTION 1.—Congress has never made a comprehensive survey of Federal-State-local relationships, the allocation of functions and the powers between them, and the distribution of jurisdiction of functions and powers exercised by two or more of them. To determine necessity or desirability of a reallocation of functions, powers, and jurisdiction, a study of past and present conditions and determinate of appropriate legislative proposals can be best accomplished through cooperative efforts of governmental officials and representatives of the people.</p>	<p>FINDINGS AND POLICY</p> <p>SECTION 1.—In recent years, in response to internal and international pressures, a rapid expansion of powers, functions, and responsibilities of Federal, State, and local governments has taken place—unevenly and without relation to any integrated plan, resulting in imbalances, duplication, overlapping, inefficiency, and ineffectiveness among the several levels of government. The policy of Congress and the purpose of the act is restoration and effectuation of proper balance and relationship among Federal, State, and local governments in the interest of the people.</p>	<p>SECTION 1.—States that Commission is established "in view of the constantly increasing complexity during the last century and a half, of a vast network of relationships among the Federal, State, county, and municipal governments," to find ways of achieving more orderly and less competitive fiscal relationships between the several levels of government—including taxation and grants-in-aid; elimination of duplicating and overlapping, and better coordination of services, activities, and functions; and allocations of functions to achieve economy and maximum economy in overall expenditures; developing within the Commission a structure of policies and procedures tending to overcome obstacles to efficient government and laying a sound foundation for future development.</p>	<p>DECLARATION OF PURPOSE</p> <p>SECTION 1.—Declares that because (a) confusion and duplication threaten objectives of Federal programs shared in by States and their subdivisions; (b) Federal activity has been extended to fields of primary State and local interest and obligation; and (c) there is a resulting complexity of intergovernmental relations, it is necessary to study and define the proper Federal role and allocation of functions to their proper jurisdiction, and adjust intergovernmental fiscal relations so each level of government discharged functions which belong within its jurisdiction in a sound and effective manner.</p>	<p>DECLARATION OF POLICY</p> <p>SECTION 2.—Declares that a study be made to determine advisability of redistributing governmental functions and sources of revenue among Federal-State-local entities to—</p> <ol style="list-style-type: none"> (1) better secure sovereignty of States and decentralization; (2) strengthen democracy based on individual liberty and participation in and control of government; and (3) better provide services necessary for general welfare. 	
<p>SECTION 2.—Establishes a temporary "National Commission on Inter-Governmental Relations" of 12 members—</p> <ol style="list-style-type: none"> (a) Four appointed by President (two officers of executive branch, two private citizens); (b) Four appointed by President of Senate (two Senate Members, two private citizens); and (c) Four appointed by the Speaker of House (two House Members, two private citizens). 	<p>SECTION 2.—Establishes the "National Commission on Inter-Governmental Relations" and</p> <p>SECTION 3.—17 members—</p> <ol style="list-style-type: none"> (a) Two from executive branch by the President; (b) Four from Senate by President of Senate; (c) Four from House by Speaker; (d) Three State officials by President; (e) Two county officials by 	<p>Establishes the "National Commission on Inter-Governmental Relations"</p> <p>SECTION 2.—14 members—</p> <ol style="list-style-type: none"> (a) Five—two officers of executive branch and three private citizens by President; (b) Two from Senate by President of Senate; (c) Two from House by Speaker; (d) Two State officials by President from panel of at least 	<p>SECTION 2.—Establishes the "Commission on Governmental Functions and Fiscal Resources"—25 members—</p> <ol style="list-style-type: none"> (a) 15 by President; (b) Five by President of Senate; and (c) Five by Speaker of House. 	<p>SECTIONS 3 and 4.—Establishes the "Commission on Reallocation of Federal, State, and Local Functions and Sources of Revenue" of 19 members—</p> <ol style="list-style-type: none"> (1) Secretary of the Treasury, Chairman of the Federal Reserve Board, and Director of the Budget; (2) Eight appointed by President of Senate, four from Senate and four from Governors of States; and 	
THE COMMISSION—NAME AND MEMBERSHIP					

President; (f) Two municipal officials by the President.	four submitted by Council of State Governments; (e) Two municipal officers by President from panel of at least four jointly submitted by American Municipal Association, International City Managers Association, and United States Conference of Mayors; and (f) One county official panel at least two submitted by National Association of County Officials.	(3) Eight appointed by Speaker of House, four from House and four from Governors of States.
BIPARTISAN REQUIREMENT		
Of each class above, not more than two shall be from any one political party.	Of each class above not more than three in class (a) and not more than one in other classes from any political party.	Of each class of four members, two shall be from each of the two major political parties, the Democratic members appointed upon recommendation of minority leaders of Senate and House of Representatives.
QUALIFICATIONS OF MEMBERS		
Experience with or knowledge of major problems in intergovernmental relations.	None stated.	None stated.
VACANCIES ON COMMISSION		
Do not affect Commission's powers. Filled in same manner as original appointments.	Same.	Same.
APPOINTMENT OF CHAIRMAN AND VICE CHAIRMAN		
Commission elects Chairman and Vice Chairman from its members.	Same.	Chairman and Vice Chairman designated by President from Presidential appointees.
		Commission elects Chairman and Vice Chairman from its members.

Comparison of provisions of pending bills to establish a commission on governmental functions and fiscal resources—Continued

COMMITTEE QUORUM

H. R. 302 (Hoffman) H. R. 1606 (Rains) H. R. 3183 (Mills)	H. R. 1300 (Ostertag) H. R. 1838 (Ostertag)	H. R. 4848 (Harvey) H. R. 4851 (Rains)	H. R. 4406 (Halleck) (Companion to Taft Bill)	H. R. 121 (Coudert) H. R. 3603 (Donohue)
Four members.	Nine members.	Seven members.	Thirteen members; lesser number may hold hearings.	Ten members.
DUTIES OF COMMISSION				
SECTION 3.—Make specific recommendations based on study of— (a) past and present relations and allocation of functions and powers between our National, State, and local governments and functions and powers exercised by two or more such governments and the distribution of jurisdiction over these functions; and (b) fiscal relationships by these governments with special attention to problems of tax immunities, elimination of tax competition for revenue sources, grants-in-aid, tax sharing and other devices for adjusting financial resources to State and local needs, with a view to proposing guides for use and improvement of such devices.	SECTION 4.—Make and coordinate a comprehensive study of tax resources, and powers, functions, and responsibilities of Federal, State, and local governments, and on such basis make recommendations for— (a) eliminating overlapping powers, functions, and jurisdiction; (b) making equitable allocation of tax resources to achieve correlation between revenue raising and revenue spending agencies, and ensure fiscal resources commensurate with allocated responsibilities at each level of government; (c) equitable tax immunities among governments; (d) sound tax-sharing and grants-in-aid; and (e) coordinated efficient and well-balanced relations between governments providing a framework for present needs and future development.	SECTION 3.—As a basis of recommendations for achieving the purposes of section 1, to study— (a) the developments and present status of relations and interrelations of our Federal, State, and local governments; (b) allocation of Federal-State-local functions; (c) problems of geographic areas; and (d) Federal encroachment in fiscal relations with State and local governments.	SECTION 3.—(Probable Senate amendment "carry out the purposes of section 1"). Study present Federal aid activities (Probable Senate amendment interrelations of the financing of this aid, the sources of the financing of governmental programs and problems in the field of intergovernmental tax immunities) determine and report whether there is justification for Federal aid in the various fields presently extended, whether aid should be extended in other fields, whether Federal aid should be limited to cases of need and all other matters incident to Federal aid including Federal and State abilities to finance activities.	SECTION 12.—Make studies and appraisals of functions and activities of Federal, State, and local levels to determine which can most advantageously be carried on at various levels and which require joint policymaking, financing, and administration. Study and appraise Federal, State, and local tax systems with view to such revision as will leave States and localities adequate resources to raise revenue to meet responsibilities of State and local governments. Make such further studies and appraisals as in its opinion may be necessary to accomplish purposes in section 2.

COMMISSION REPORT AND RECOMMENDATIONS

SECTION 3.—H. R. 302 makes no mention of interim reports. Final report to Congress before end of second fiscal year commencing after enactment of report. H. R. 1606 and H. R. 3183 authorize interim reports. H. R. 3183 provides for a comprehensive report before October 1954 and a final report by the end of 1954. H. R. 1606—Comprehensive by end December 1952, final May 1953.	SECTION 4.—Interim reports to President and Congress as Commission deems advisable, and final report to the President, Members of Congress, and State governors by March 1, 1954. H. R. 1300—March 1, 1953.	SECTION 3.—No mention of interim reports. Final report to President and Congress by March 31, 1955 (Harvey bill has date of 1952).	SECTION 3.—Interim reports as Commission may determine appropriate or President may request. Final report, including recommendations for legislative action, by March 1, 1954.	No mention of interim reports. Report of findings and recommendations to Congress on or before January 31, 1953.
---	---	--	--	--

TERMINATION OF COMMISSION

SECTION 3.—Commission terminates on submitting final report.	SECTION 4.—Commission terminates on filing final report.	SECTION 7.—Commission terminates at end of fiscal year in which final report is made.	SECTION 6.—Commission terminates 6 months after final report.	Commission terminates 90 days after submission of report.
--	--	---	---	---

POWERS OF COMMISSION

SECTION 4.—Hold hearings and take testimony at any time and places it deems advisable, delegate these powers on any member or members. Any member may administer oaths. H. R. 1606 and H. R. 3183 also confer subpoena power and provide for penalties for failure to comply. Secure information from Federal departments and agencies—these directed to furnish the information.	Same, except no subpoena power. Same.	Same, including subpoena power. Same.	Same, except no subpoena power or authority to administer oaths. Same.	SECTION 13.—Same, including subpoena power. Same.
--	--	--	---	--

CONSULTATION WITH GROUPS

H. R. 3183 (but <i>not</i> H. R. 302 or H. R. 1606) requires the Commission to consult with labor, industry, commerce, and agriculture representatives, taxpayer organizations, State and local governments and other interested groups, and authorizes it to establish advisory committees and to reimburse the committee members for travel and other expenses.	Same as H. R. 3183.	No provisions.	No provisions.	SECTION 9.—Commission has power to establish local committees; membership may be made up of local officials and persons in private life; shall receive no compensation but expenses as for members of commission.
---	---------------------	----------------	----------------	---

Comparison of provisions of pending bills to establish a commission on governmental functions and fiscal resources—Continued

COMMISSION STAFF

H. R. 302 (Hoffman) H. R. 1606 (Rains) H. R. 3183 (Mills)	H. R. 1300 (Ostertag) H. R. 1838 (Ostertag)	H. R. 4848 (Harvey) H. R. 4851 (Rains)	H. R. 4406 (Halleck) (Companion to Taft Bill)	H. R. 121 (Coudert) H. R. 3603 (Donobue)
Commission appoints and fixes compensation of executive secretary, without regard to civil-service law, but other personnel are paid under Classification Act.	Same as H. R. 302, 1616, and 3183.	Appoint and fix pay of Director and all other personnel without regard to civil service.	Appoint and fix pay of Director without regard to civil-service and classification laws. Regular employees under such laws, but not intermittent services. Individuals performing such services limited to \$50 per diem. Procurement of services governed by section 15 of volume 60, Statutes, page 810. Services by member, attorney, or expert not to be within purview of sections 281, 283, 284, 434, or 1914 title 18, United States Code, or section 190 Revised Statutes.	Commission has power to appoint and fix compensation of such personnel without regard to civil-service laws of Classification Act.

COMPENSATION AND EXPENSE OF COMMISSIONERS

No compensation but actual travel and other expenses for members who are Federal officials or Members of Congress. Others receive \$50 per diem and expenses.	No compensation but travel and other expenses for members.	No compensation for members who are Members of Congress. Members from executive branch to receive \$50 per diem "in addition to compensation for duties performed in the executive branch." * * * <i>Provided, However,</i> That his total aggregate salary shall not exceed \$12,500." All members reimbursed for travel and other expenses.	No compensation for any member receiving compensation from Federal, State, or local governments. Other members \$50 per diem. All members reimbursed for travel and other expenses.	No compensation but travel and other expenses for members.
---	--	--	---	--

AUTHORIZATION FOR APPROPRIATIONS

Such sums as may be necessary.	Same.	Same.	Same.	Same.
--------------------------------	-------	-------	-------	-------

THE LIBRARY OF CONGRESS,
Washington 25, D. C., May 7, 1953.

BILLS TO ESTABLISH A NATIONAL COMMISSION ON INTERGOVERNMENTAL
RELATIONS, AND ACTION THEREON

81ST CONGRESS, 1949-50

The following bills to establish a temporary National Commission on Intergovernmental Relations were introduced in the Senate and House of Representatives during the 81st Congress:

- Senate Joint Resolution 41. Introduced by Senator O'Connor; January 27, 1949.
S. 767. Introduced by Senators Bricker and O'Connor; February 3, 1949.
S. 810. Introduced by Senator Hendrickson and others; February 9, 1949.
S. 1946. Introduced by Senator Taylor and others; May 26, 1949.
S. 3147. Introduced by Senator Humphrey and others; February 28, 1950.
H. R. 2389. Introduced by Mr. Boggs of Delaware; February 7, 1949.
H. R. 3184. Introduced by Mr. Harvey; March 3, 1949.
H. R. 3944. Introduced by Mr. Secrest; March 31, 1949.
H. R. 4507. Introduced by Mr. Bonner; May 3, 1949.
H. R. 8843. Introduced by Mr. Mitchell; June 15, 1950.

These bills were referred respectively to the Senate and House Committees on Expenditures in the Executive Department and joint hearings were held before the Subcommittees on Intergovernmental Relations during May 1949:

Senate Committee on Expenditures in the Executive Departments.
National Commission on Intergovernmental Relations. Joint hearings before the Subcommittee on Intergovernmental Relations of the Committee on Expenditures in the Executive Departments, Senate of the United States and House of Representatives, 81st Congress, 1st session, on Senate Joint Resolution 41; S. 767, 810; H. R. 2389, 3184, 3944, and 4507. May 9, 10, 11, 12, and 13, 1949.

Subsequent to the joint hearings before the Subcommittees on Intergovernmental Relations, new bills which superseded the earlier bills were introduced by a number of Senators. S. 1946 was introduced on May 26, 1949, and S. 3147 on February 28, 1950.

S. 3147 was reported to the Senate with amendments on June 22, 1950, with recommendations that the bill be passed (S. Rept. 1856, 81st Cong., 2d sess.).

S. 3147 came before the Senate on September 13 and December 15, 1950, but was objected to on each occasion and did not pass.

82D CONGRESS, 1951-52

The following bills to establish a National Commission on Intergovernmental Relations were again introduced during the 82d Congress:

- S. 437. Introduced by Senator Hendrickson and others; January 11, 1951.
S. 487. Introduced by Senator Bricker; January 16, 1951.
S. 836. Introduced by Senator Humphrey; February 8, 1951.
S. 1146. Introduced by Senator O'Connor and others; March 15, 1951.
H. R. 13. Introduced by Mr. Boggs of Delaware; January 3, 1951.
H. R. 41. Introduced by Mr. Coudert; January 3, 1951.
H. R. 391. Introduced by Mr. Secrest; January 3, 1951.
H. R. 3303. Introduced by Mr. Hoffman of Michigan; March 19, 1951.
H. R. 3683. Introduced by Mr. Dawson; April 12, 1951.
H. R. 5251. Introduced by Mr. Ostertag; August 20, 1951.
H. R. 7130. Introduced by Mr. Rains; March 19, 1952.

These bills were again referred to the Senate and House Committees on Expenditures in the Executive Departments for consideration. The House committee held the following hearings on March 12, 1952, at which time a number of State officials testified on these proposals:

House Committee on Expenditures in the Executive Departments. National commission on intergovernmental relations, hearings before the Intergovernmental Relations Subcommittee, 82d Congress, 2d session, on H. R. 3683, 5251, 3303, 391, and 13. March 12, 1952.

No further action was taken by the House committee during the 82d Congress.

The Senate bills were referred to the Subcommittee on Organization of the Senate Committee on Expenditures in the Executive Departments. Executive hearings were held before the subcommittee on these bills on May 31, 1951 (not

printed). On July 2, 1951, the Subcommittee on Reorganization agreed to recommend to the full committee that S. 1146 be reported favorably, with amendments, and on July 10, 1951, the subcommittee submitted the above recommendation to the full committee which ordered it reported favorably, with amendments. S. 1146 was reported with amendments on July 12, 1951 (S. Rept. 544, 82d Cong.).

S. 1146 passed the Senate on July 23, 1951, and was referred to the House Committee on Expenditures in the Executive Departments on July 24, 1951. On July 24, 1951, on motion of Senator Ellender, the Senate requested the return of S. 1146. On July 25, 1951, the House Committee on Expenditures in the Executive Departments was discharged from further consideration and the bill was returned to the Senate and placed on the Motions for Reconsideration Calendar. No further action was taken in the 82d Congress.

HARRY G. RITCHEY,
American Law Division.

Mrs. HARDEN. Our hearing today will be focused on the Halleck bill, H. R. 4406, which is a companion measure to the Taft bill, S. 1514, which passed the Senate on May 6, 1953. Tomorrow we hope to have Congressman Brown with us and will focus attention more on H. R. 992.

At this time, without objection, I should like to insert Congressman Halleck's statement in the record.

(Congressman Halleck's statement is as follows:)

STATEMENT OF HON. CHARLES A. HALLECK, A REPRESENTATIVE IN CONGRESS
FROM THE STATE OF INDIANA AND MAJORITY LEADER, HOUSE OF REPRESENTATIVES]

Honorable Chairman and members of the Intergovernmental Relations Subcommittee of the House Committee on Governmental Operations, my support of the principle behind and the purposes of H. R. 4406, a bill to establish a Commission on Governmental Functions and Fiscal Resources stems from a long-held conviction that in our form of government authorities and responsibilities should be vested in the smallest subdivisions of government capable of exercising such authorities and meeting such responsibilities.

I am also convinced that the strength of self-government as a system depends completely upon the extent to which it is practiced, just as the development of muscles in the human body depends upon the extent to which they are exercised.

During my time in the Congress, I have witnessed a gradual atrophying of self-government at State and local levels as the Federal Government has assumed more and more prerogatives and obligations traditionally reserved for these subdivisions.

No one knows the entire extent to which this process of centralization of power has disturbed the balance of our constitutional system.

We have reason to suspect strongly that the damage has been considerable.

It is the purpose of this bill to provide for the orderly and intelligent investigation of this vast and complex area of activity to the end that we may take corrective steps, restoring to the States and local communities those authorities and responsibilities rightfully theirs, reserving for the Federal Government those powers and obligations properly a matter of national concern.

Recent years have marked a growing awareness of the problem presented by the jungle of overlapping authorities, tangled jurisdictions and wasteful duplications which have developed in the past two decades.

In 1947 I appeared in a panel discussion with Senator Robert Taft, of Ohio, before a California State bar convention at Santa Cruz.

The subject for discussion was States Rights and Federal Control.

On that occasion I said, among other things:

"Partly by evolution, partly by erosion, partly by surrender, and partly by usurpation, more and more power and authority have been concentrated in the Federal Government at Washington at the expense of the States and their subdivisions.

"If this headlong process of centralization of Government is permitted to continue unchecked, the States will become little more than convenient geographic boundaries, and our people will have lost their capacity for self-government.

"Only those who advocate the totalitarian form of government would advocate the outright abolition of the States. No one in public life would dare openly to take

such a position. But there are, in and out of government, persistent advocates of any number of specific proposals for the further extension of Federal activities and controls, which rob the States of their essential powers. These proposals seem innocent in themselves. They are very inviting and alluring. They capture the public imagination, and are hard to resist.

"But the inevitable end result of the process is the creation of a huge Federal bureaucracy, totalitarian in affect if not in form, with the loss of individual rights and liberties. The inevitable end result of the centralization process is a government by men, by propaganda, a government arbitrary, wasteful, and extravagant. The government becomes the master of the people.

"There are, in general, but two sorts of government: one which operates from the people upward, and the other which operates from the top downward. The one is a government of law, responsive to the will of the people. The other is a government of men, responsive only to the will of their official superior. It is an ominous fact that we have been becoming less and less a government operating from the people upward and more and more a government operating from the top downward.

"The road to the centralization of power in Washington is the road to a fat government and thin citizens. A huge bureaucracy, far removed from the people and out of their direct control, is wasteful and extravagant. It seems to me axiomatic that the closer a government is to the people, the closer the collection of taxes is to their expenditure, the greater will be the efficiency in their expenditure and the greater the public resistance to wasteful and unnecessary expenditures."

Later during 1947 I had the pleasure of speaking before the annual dinner of the Pennsylvania Society in New York City. The guest of honor on that occasion was Gen. Dwight D. Eisenhower.

My remarks at that time included these observations:

"Our American way of life, as most of us understand it, depends in large measure on local home rule. The nearer the Government is to the people the more the people like it, and the better it is likely to be. A Nation of 48 States, spanning a great continent from ocean to ocean and from the lakes to the gulf, cannot be completely and wisely governed from Washington.

"The Federal Government has been intruding into governmental areas, formerly controlled and properly belonging to the States, until the centralization of power in Washington has become a menace to our form of government and to our whole economy.

"Through the political influence of Federal employees, the money power of Federal dispensing agencies, and the punitive and administrative power of the centralized bureaucracy, the States and local communities and the individual citizen are held in a sort of bondage repugnant to our idea of free government.

"In the last 14 years the Federal Government has expanded from 521 agencies and bureaus to 1,141 and the number of employees increased from 582,000 to 2 million.

"Of the approximately 2 million persons constituting the Federal machinery, only 533 are elected by the people. Obviously, there is no elected person—not even the President of the United States in whose department these appointees serve—who can possibly know what these individuals, acting as agents of the Government, are actually doing. Yet they have extensive authority. They are not only expending the people's money but exercising over them far-reaching governmental powers.

"This is the direct result of the centralization of governmental power and authority in Washington. And, if the trend continues unchecked, the end will be the destruction of the States and the loss of individual rights and liberties."

Further, I said this:

"Much of the extension of Federal Government has been for worthy purposes, but the accomplishment of those purposes could have been committed to local agencies. Our highly complex mechanized society cannot be governed as in the simpler days before the railroads opened up the West and the telegraph, telephone, radio, automobile, good roads, and the airplane brought us all closer together. What was once parochial has in many instances become national in scope.

"But the movement has gone too far. Many of the trespasses could have been avoided. There never was any need for so great a centralization of power in Washington. The trend is dangerous and should be stopped.

"Free representative government depends on informed public opinion. When a government operates close at home, through the local communities and the States, it is harder to fool the people about what the Government is doing and how well it is doing it.

"One of the major methods by which the Federal Government has increased its powers at the expense of the States is by the increasing use of the so-called grants-in-aid system, whereby Federal funds are granted to the States for purposes and upon conditions that may or may not be within the constitutional ability of Congress to control by more direct methods.

"The system had its beginning in the land grants to the States for roads and canals. Today it is used for all manner and kinds of programs.

"In some circumstances Government subsidies are justifiable. But it is perfectly clear that over the last several years the Federal Government has all too extensively used this device. It has been the expedient and politically popular method of dealing with particular problems and situations.

"Grants and subsidies have frequently served as a refuge from reality. They have tended to encourage dependence rather than independence. They tended to destroy individual initiative and often postpone to a fateful day the sound solution of the problem involved.

"The power to grant or withhold large sums of money is a tremendous power. And there is abundant evidence that the Federal bureaus administering the funds have used this power to impose their will on the individual States. Arbitrary formulas or standards set up in Washington to which the States must conform, regardless of their unique geographic or economic situation, are pressured upon the States. It is in this way that the Federal bureaucracy has been able to extend further its power and authority at the expense of local governments.

"If we are to retain a Government that is close to the people and responsive to the will of the people, we must never cease to resist the tendency toward centralization."

The alarm felt by officials in many of our States was given voice in 1947 by the Indiana General Assembly which passed the following resolution:

"Indiana needs no guardian and intends to have none. We Hoosiers—like the people of our sister States—were fooled for quite a spell with the magician's trick that a dollar taxed out of our pockets and sent to Washington will be bigger when it comes back to us.

"We have taken a good look at said dollar. We find that it lost weight in its journey to Washington and back.

"The political brokerage of the bureaucrats has been deducted. We have decided that there is no such thing as Federal aid. We know that there is no wealth to tax that is not already within the boundaries of the 48 States."

The resolution continues:

"We have grown up. We serve notice that we will resist Washington, D. C., adopting us."

And it resolves:

"That we respectfully petition our Congressmen and Senators to vote to fetch our county courthouse and city halls back from Pennsylvania Avenue. We want government to come home."

Full recognition of the necessity for corrective action was given in the 1950 Statement of Republican Principles and Objectives in these words:

"We urge * * * Establishment of a nonpartisan commission to study and recommend a sensible redistribution of governmental functions and sources of revenue between the Federal, State, and local entities, to secure the sovereignty of the several States with as much decentralization as is compatible with the national welfare."

Beyond that, the statement of taxation and monetary policy in the Republican platform of 1952 sets out clearly the party attitude on the same subject with this declaration:

"We advocate * * * An immediate study directed toward reallocation of fields of taxation between the Federal, State, and municipal governments so as to allow greater fiscal freedom to the States and municipalities, thus minimizing double taxations and enabling the various divisions of government to meet their obligations more efficiently."

Recognizing this pledge, President Eisenhower on March 30, 1953, sent a special message to the Congress of the United States calling for the establishment of a commission as proposed in H. R. 4406.

In that message, the President said this, among other things:

"The present division of activities between Federal and State Governments, including their local subdivisions, is the product of more than a century and a half of piecemeal and often haphazard growth. This growth in recent decades has proceeded at a speed defying order and efficiency. One program after another has been launched to meet emergencies and expanding public needs. Time has

rarely been taken for thoughtful attention to the effects of these actions on the basic structure of our Federal-State system of Government.

"Now there is need to review and assess, with prudence and foresight, the proper roles of the Federal, State, and local governments. In many cases, especially within the past 20 years, the Federal Government has entered fields which, under our Constitution, are the primary responsibilities of State and local governments. This has tended to blur the responsibilities of local government. It has led to duplication and waste. It is time to relieve the people of the need to pay taxes on taxes.

"A major mark of this development has been the multiplication of Federal grants-in-aid for specific types of activities. There are now more than 30 such grant programs. In the aggregate, they involve Federal expenditures of well over \$2 billion a year. They make up approximately one-fifth of State revenues.

"While by far the greater part of these expenditures are in the fields of social security, health, and education, they also spread into many other areas. In some cases, the Federal Government apportions fixed amounts among the States; in others, it matches State expenditures; and, in a few, it finances the entire State expenditure. The impact of all these grants on State governments has been profound. While they have greatly stimulated the development of certain State activities, they have complicated State finances and administration; and they have often made it difficult for States to provide the funds for other important services.

"The maintenance of strong, well-ordered State and local governments is essential to our federal system of government. Lines of authority must be clean and clear, the right areas of action for Federal and State Government plainly defined. This is imperative for the efficient administration of governmental programs in the fields of health, education, social security, and other grant-in-aid areas.

"The manner in which best to accomplish these objectives, and to eliminate friction, duplication, and waste from Federal-State relations, is therefore a major national problem. To reallocate certain of these activities between Federal and State Governments, including their local subdivisions, is in no sense to lessen our concern for the objectives of these programs. On the contrary, these programs can be made more effective instruments serving the security and welfare of our citizens.

"To achieve these purposes, I recommend the enactment of legislation to establish a Commission on Governmental Functions and Fiscal Resources to make a thorough study of grants-in-aid activities and the problems of finance and Federal-State relations which attend them.

"The Commission should study and investigate all the activities in which Federal aid is extended to State and local governments, whether there is justification for Federal aid in all these fields, whether there is need for such aid in other fields. The whole question of Federal control of activities to which the Federal Government contributes must be thoroughly examined.

"The matter of the adequacy of fiscal resources available to the various levels of government to discharge their proper functions must be carefully explored.

"The Commission should be of such size and composition as to permit appropriate representation of the various governmental levels and of outstanding members of the general public. It should be provided with an excellent staff, able to draw on the greater amount of work which has already been done in this field.

"In order that the Commission may complete its report in time for consideration by the next session of the Congress, I urge prompt action on this matter."

I am in full accord with the President's remarks and my purpose in introducing H. R. 4406 was to implement his plan of action as a logical approach to the problem we face.

Citizen responsibility and State sovereignty are keystones in the constitutional arch. Down through the years advocates of big government in Washington have been chipping away at those keystones. To a degree, let it be said, default on the home front has aided and abetted the process.

Big government is the mortal enemy of personal freedom and the restoration of rightful authorities and responsibilities from Pennsylvania Avenue to Main Street may well be recorded as one of the major contributions of this Congress and the Eisenhower administration to the history of American constitutional government.

Mrs. HARDEN. Our first witness this morning will be Mr. George H. Deming, director of technical assistance, American Municipal Association.

STATEMENT OF GEORGE H. DEMING, DIRECTOR OF TECHNICAL ASSISTANCE, AMERICAN MUNICIPAL ASSOCIATION

Mr. DEMING. Madam Chairman, members of the committee, I am George H. Deming, director of technical assistance to the American Municipal Association, an organization representing some 11,000 municipalities in the United States and something over one-half of the cities of over 100,000 in population.

The clerk has distributed to you copies of our prepared statement and if it meets the wishes of the committee I will simply discuss this statement informally or, if you wish, I will read it in.

Mrs. HARDEN. Is it the pleasure of the committee for the witness to discuss the statement?

Mr. BROOKS. That might expedite matters rather than having him read it.

Mrs. HARDEN. I know some of you have other commitments and appointments. Please proceed Mr. Deming.

(The prepared statement is as follows:)

STATEMENT OF GEORGE H. DEMING, DIRECTOR OF TECHNICAL ASSISTANCE, AMERICAN MUNICIPAL ASSOCIATION

(Subject: H. R. 4406 (Halleck, Indiana), To Establish a Commission on Governmental Functions and Fiscal Resources)

For the purposes of the record, providing there is no objection, we would like to introduce a statement presented by representatives of this organization at the President's Conference for Representatives of Local Governmental Organizations at the White House on March 31. This statement summarizes the association's thinking concerning the need for a commission such as is anticipated by the legislative proposals now before the committee. We would like to introduce also for purpose of the record, policy statements adopted by the American Municipal Association during the past several years which further explore our beliefs concerning the necessity for such a commission.

The American Municipal Association is very hopeful that the bill finally recommended by this committee will provide for a broad survey of all aspects of Federal, State, and local relations—in short, that H. R. 4406 spells out in its statement of duties of the Commission the broad objectives voiced in section I of the bill.

The statement of duties as now written, section 3 of H. R. 4406, would tend to restrict the duties of the Commission to a survey of the grant-in-aid program. We believe that this statement is inconsistent with the broad purposes envisioned by the declaration of purpose and enunciated by President Eisenhower in his message of March 30.

We believe it should be possible for the Commission to concern itself with the problems posed by the Hoover Commission Report on Federal-State Relations.

The Hoover Commission recommended that the Congress provide for (a) an appraisal of the functions and activities of Federal, State, and local governments to determine which can be most advantageously operated by the various levels of government, and which require joint policymaking, financing, and administration; (b) a general revision of National, State, and local tax systems, making every effort to leave to the localities and the States adequate resources from which to raise revenues to meet the duties and responsibilities of local and State Governments; (c) direct budgeting and administration of all grants-in-aid which are given to State governments on the Federal and State levels as are other Federal and State funds; (d) clarification and systematization of grants-in-aid planning and programing; and (e) establishment of a continuing agency on Federal-State relations to make studies and recommendations which would be helpful in the accomplishment of these objectives.

The need for study along such broad lines becomes manifest when one considers that there are nearly one hundred areas of governmental interest under current programs which are shared by the Federal, the State, and the local governments. In each of these areas, there is a definite commitment of funds by each level of government. In many cases the joint provision of funds is evidence

not so much of an "aid concept" but of a condition of federalism that is peculiar to our form of Government. That is, the commitment of funds by the national Government is consistent with national interest in a given function, e. g., civil defense or the highway program. State provision of funds bespeaks State responsibilities, while the allocation of municipal resources reflects local interests and responsibilities within a limited sphere of activity. It is of interest to note that 78 of these areas of mutual action had been established prior to 1930.

It is also true that important areas of Federal-State-local relationships spring from governmental functions in which the Federal interest is the primary interest. In no case is this more true than in the function of national defense.

Some of these relationships have created difficulties for the Nation's municipalities. Many local communities are heavily burdened by armed service installations or defense plants. Federal fiscal help has been given to the schools in such areas, but other local services such as police, fire, health, and water need support just as badly. Two other problems are related. The defense establishment is extending the amount of property exempt from local taxation. Many large defense plants had been paying taxes for many years until 1951—payment was stopped without notice in 1952 and 1953. This throws a heavy burden on some places—none on others. This movement and exemption of other Federal property from local taxes needs careful study. Some phases of the problem follow:

1. Federal agencies do not fully anticipate during the planning and policy-making stages the difficulties which they may cause in defense affected areas. All present legislation and all present remedies come into play after the damage is done. Under Public Law 139, the communities facilities program, help is given to some communities for some purposes after the local problems have become serious.

2. Present legislation assumes that municipalities have the primary responsibility for meeting needs of critical areas due to defense activities unless they are demonstrably fiscally incompetent. This assumption is contrary to the premise that the cost of national defense is a "national" responsibility that should be extended over the tax base of the entire Nation.

3. The release of defense plants from municipal taxation by Federal action has denied municipalities full benefit from existing local taxes, primarily the property tax, while demands for service have increased. As a minimum, agreements for payments for services on a contractual basis should be allowed.

There is, too, a growing tendency on the part of Federal defense agencies to phrase contracts so as to exempt raw materials, goods in process, implements, equipment, and machine tools from local taxation. This is accomplished by immediately transferring title to such property to the Federal Government, or an agency thereof, upon small partial payment of the purchase price by the contracting Federal agency. The holders of such contracts constitute a significant segment of private enterprise in the Nation. They require and receive all of the protective and other services of local government without which they could not operate during the process of manufacturing material under Federal contract. The American Municipal Association believes that such manufacturers should pay taxes to local governments on personal property in the same manner and to the same extent as other manufacturers. Current examples of industrial tax exemption among defense industries include the following:

	Real prop- erty	Personal property	Tax loss
CITY			
Adrian, Mich.....	\$2,633,500		\$87,958.50
Dallas, Tex.....	19,977,825	\$10,000,000	1,900,000.00
Detroit, Mich.....		6,549,910	257,318.76
Gary, Ind.....		5,000,000	180,000.00
Jackson, Mich.....		600,000	3,500.00
Manitowoc, Wis.....		2,000,000	160,000.00
Minneapolis, Minn.....		2,000,000	96,000.00
New Orleans, La.....	7,944,500		225,000.00
St. Paul, Minn.....		3,190,000	376,420.00
COUNTIES			
Caddo Parish, La.....	2,801,120	2,500,000	112,084.80
Lane County, Oreg.....	1,100,000		88,000.00
Los Angeles County, Calif.....		600,000,000	18,000,000.00
Pima County, Ariz.....	2,600,000		190,000.00
San Diego County, Calif.....		80,000,000	2,400,000.00

¹ Estimated.

Exemption of large parcels of industrial property from local tax rolls has the additional effect of limiting municipal borrowing power in almost every State.

Payments in lieu of taxes on Federal property are a major concern for any national commission on intergovernmental relations. No major brief is presented here on the general subject because of the general belief that a commission would give this topic priority on its agenda.

We are very hopeful that the Commission to be created will have an opportunity to explore this area of Federal-local relationships.

The American Municipal Association recommends strongly that this committee recommend that the Commission be empowered to consider the matter of tax resources available to Federal, State, and local governments.

While the relations between Federal and local revenues are not as clearly discernible as the relations between Federal and local services, there are direct points of contact between the Federal and local revenue systems. They include joint use, admissions taxes, gasoline taxes, public utility tax, and, in some instances, income taxes.

In addition, Federal revenues have a direct impact on the local revenue system because the present high levels of Federal and State taxation drain off from local government revenues which might otherwise be available for local use. The weight of Federal and State taxation combined makes it difficult for the local governments to expand their revenue sources. Local revenues are still restricted largely to the property tax—actually, however, despite reassessments, adjusted tax rates, and increase of taxable real property; the return from the property tax percentagewise, has not increased or decreased markedly over the past 50 years. At the same time, the per capita value of taxable real property has not changed to any considerable degree in the past 20 years. In terms of purchasing power, however, there has been a marked downward trend in the primary source of tax revenue for local government.

We believe the Commission should be empowered to work toward a more orderly, systematic, and equitable allocation of tax resources among Federal, State, and local governments with a view of providing effective liaison in the areas of tax immunity, tax sharing, and tax administration, as well as assuring fiscal resources at each level of government commensurate with the responsibilities of each level of government.

Such areas as taxation of government personnel, the withholding of State taxes by Federal agencies and vice versa, and recent holdings of the Supreme Court relative to Federal-State-local-fiscal problems are all germane, we believe, to the Commission's work.

Our organization realizes that not all questions can be answered by the Commission. We appreciate that a continuing effort must be made by State, county, and municipal governments to "put their own houses in order." The little Hoover commissions in many of our States, and management surveys in many of our municipalities and counties, have pointed the way to more economical operation; however, we also believe that the Commission can perform a needed service.

The American Municipal Association is privileged to have this opportunity to present testimony on this important bill. The association, founded in 1924, represents over 11,000 American cities, large and small. Included within its membership are 42 State leagues of municipalities, and as direct members, more than half of the Nation's cities having a population of over 100,000. The association represents cities in their corporate capacity. It has no activities and no financial resources except those related directly to municipalities and associations of municipalities. Financial support comes entirely from public funds.

AMERICAN MUNICIPAL ASSOCIATION POLICY STATEMENTS ON INTERGOVERNMENTAL RELATIONS

The American Municipal Association has long been active in fostering understanding and better working relationships within the Federal system. Its position has been stated several times.

In 1949 the members of the association assembled in annual meeting stated their position as follows:

"5. The activities of municipal governments are tied up in a maze of relationships with the Federal Government, the State, county, school district, other special purpose districts, and other municipalities. An understanding of the issues between governments, a special study of these relationships, and the development of plans to harmonize these relations should have a high priority in a National Municipal Program."

"7. One hundred forty metropolitan areas contain half the people of the United States. Each metropolitan area consists of a central city or cities and the adjacent territory. The metropolitan areas have special problems which should be recognized as such. These problems require the maximum cooperation between all governmental agencies in each metropolitan area and between each State and its metropolitan areas. The central cities, the suburban municipalities, and adjacent unincorporated areas all have an interest." (The National Municipal Program for 1950.)

At the association's annual meeting in 1952, the following statement of policy was enunciated:

"The American Municipal Association suggests the following principles and action as a basis for Federal-municipal relations:

"1. The National Commission on Intergovernmental Relations should be established. Clarification of the difficult questions arising between Federal and local governments can be accomplished best by such a commission. Few activities are more urgent as a means of proving that a democratic Federal Government can work effectively.

"2. Congress should enact legislation to provide for payments in lieu of taxes on federally owned property. The present exemptions not only deprive municipalities of moneys to which they are entitled, but also create an unfair burden on those communities where disproportionate amounts of federally owned property are located. The need for equity between municipalities is at least as important as the revenue to be derived from such payments.

"3. The admissions and amusement tax now levied by the Federal Government has every characteristic of a good local tax and should be made available to all municipalities which wish to use it. To accomplish this, the Federal Government should withdraw from the Federal admissions tax or institute a credit device similar to that employed with respect to the inheritance tax.

"4. The placement of defense industries, defense establishments, or other large-scale Federal activities in some communities but not in others, creates disproportionate burdens. Such burdens should be equalized by compensating Federal payments.

"The relations between the Federal, State, and local governments determine the limits on the ability of municipalities to solve their own problems and to serve their citizens. Therefore, progress in American municipal government is dependent on a proper relationship and understanding between the various governmental levels and units.

"The need for such an understanding is emphasized by looking at the many areas in which questions of intergovernmental policy and action arise. These include Federal-local relations, State-local relations, Federal-State relations, metropolitan area problems, county-city relations, intercity problems, and regional relationships.

"At least eight major reasons can be found for consideration of the relations between governments in the United States. These are:

"1. The competition for revenues.

"2. The overlapping and duplication of services.

"3. The tendency to provide so many independent governmental units in a geographic area that it no longer functions as a recognizable governmental unit.

"4. The tremendous effects of State and Federal grants-in-aid on local governments.

"5. The impact of State and Federal standards and State and Federal personnel on local affairs.

"6. The demand for local services and expenditures growing out of Federal programs.

"7. The competition for high-grade personnel between the Federal, State, and local governments.

"8. The absence of any overall policy on relations between the levels and units of government.

"All these relations and problems are also opportunities—opportunities for initiative and constructive public action, serving the general community.

"There is no inherent antagonism between the Federal Government, the States and the municipalities. The business of these levels of government is a joint business. In its overall aspects, government should be conducted as if it were concerned with all of the people and with due regard for its impact on the individual citizen where he lives" (National Municipal Policy for 1951).

In 1951, the association adopted the following resolutions, among others, setting forth its interest in Federal-local relations:

"No. 6

"Resolved, That the American Municipal Association continue to extend its efforts to gain adequate Federal payments in lieu of taxes and to secure Federal payments for special assessments.

"Resolved, That the board of trustees and executive director of the American Municipal Association be and they are hereby authorized and directed to cause legislation to be introduced in the 83d Congress and to propose amendments to all other legislation introduced, which will make effective the long-established policy of the association regarding Federal payments in lieu of taxes on Federal tax-exempt property.

"No. 9

"Resolved, That the American Municipal Association encourage national and State legislation designed to sort out the domains of Federal, State, and local governments, particularly with a view to overcoming the preempting of tax sources by the Federal and State governments to the grave disadvantage of local governments.

"Resolved further, That the Executive Committee of the American Municipal Association be charged with the implementation of this resolution."

At its most recent annual Congress held at Los Angeles in December 1952, the association adopted the following resolution:

"Whereas government, Federal, State, and local, exists for the principal purpose of providing services to the people and protecting and fostering the public health, safety, and general welfare; and

"Whereas there is urgent and immediate need for clarifying the proper and permissible scope of operation of local, State, and Federal services and taxes: Now, therefore, be it

"Resolved, That the American Municipal Association is instructed to urge the Congress of the United States to enact legislation creating a National Commission on Intergovernmental Relations consisting of at least 2 representatives of each level of government and at least 3 persons not connected with government to study, investigate, and recommend possible and feasible methods of allocating to each level of government appropriate sources of revenue and services to be performed" (National Municipal Policy 1953).

Representatives of the association meeting with President Eisenhower on February 9, 1953, expressed their interest in the Commission on Intergovernmental Relations as follows: "Municipal officials want the Commission. For years they have considered it as the only solution to Federal-State-local problems. In discussions on this subject they must be represented directly by municipal officials."

A NATIONAL COMMISSION ON INTERGOVERNMENTAL RELATIONS FOR THE WHITE HOUSE CONFERENCE—MARCH 31, 1953

The American Municipal Association urges the immediate passage of Federal legislation to create a National Commission on Intergovernmental Relations. The association for many years has favored the creation of such a national commission. Its latest policy statement on this subject reads as follows:

"The National Commission on Intergovernmental Relations should be established. Clarification of the difficult questions arising between Federal and local governments can be accomplished best by such a commission. Few activities are more urgent as a means of proving that a democratic Federal Government can work effectively."

Social, economic, and political growth in the United States have created a situation where activities or functions originally State or local in nature now have a parallel national interest. Examples are found in highways and airports. This idea of a national interest parallel to State or local interest in certain activities must not be overlooked.

There is no step the administration could take which would add more to the confidence of local officials in their Federal Government than the creation of the proposed Commission. To be successful, however, the Commission must consider Federal-city as well as Federal-State relations. If this is not done, many important problems will not be solved.

MAJOR REASONS FOR STUDY

There are at least nine major reasons for a national commission study of Federal State, and local relations. These are:

1. The competition for revenues.
2. The alleged overlapping and duplication of governmental services.

3. The impact on municipalities of the accelerated national defense program.
4. The effect on local governments of Federal grants-in-aid.
5. The demands for payments-in-lieu of taxes on Federal property.
6. The impact of Federal standards and Federal personnel on local affairs.
7. The impact of various Federal programs on the demand for local services and expenditures.
8. The need for a consistent and known policy at the Federal level with respect to all phases of State and local relations.
9. The growth of a national interest in activities which originally were performed and financed by State or local governments.

MEMBERSHIP, SCOPE, AND DUTIES OF THE COMMISSION

The purpose and duties of the proposed Commission are well set forth in S. 526 and H. R. 1838 introduced in the 83d Congress. The duties of the Commission would be to make a comprehensive study of the powers, functions and jurisdiction of the Federal, State, and local governments and their relations to each other; to study the revenue sources of the Federal, State, and local governments and their relation to each other; and to present a clear description of the powers, functions and fiscal resources and fiscal relations of the Federal, State, and local governments with each other. Based on such studies, and bearing in mind the social, economic, and political changes in the United States, to make recommendations regarding (a) the undesirable overlapping of powers, functions, and jurisdiction among the several levels of government; (b) to suggest a more orderly and equitable allocation of revenues; (c) to report on the various systems of tax sharing and so-called grants-in-aid; (d) to suggest a desirable, efficient, coordinated relationship among the Federal, State, and local governments, and (e) to consider whether or not some activities of government can be performed by private enterprise. The scope of the Commission's work must be broad enough to consider all important intergovernmental relationships; that is, not only Federal-State matters but also Federal-city and Federal-State-local matters. The American Municipal Association is in general agreement with this approach.

The National Commission must be large enough to represent both Houses of Congress, the Federal administrative agencies, State and local governments, and the public. The Commission must have enough prestige to guarantee consideration of its findings. The membership should include representatives of local governments, since their points of view cannot always be reflected through State officials. Members should be selected because of special competence in their respective fields. While it is natural that individual organizations should want to nominate members of the Commission, it is far more important that every member be selected for the contribution he can make to the proposed inquiry.

FEDERAL-LOCAL REVENUE RELATIONS

The relations between Federal and local revenues are not as clearly discernible as the relations between Federal and local services. There are only a few direct points of contact between the Federal and local revenue systems. They include admissions taxes, gasoline taxes, some other excise taxes, and, in a few cases, sales and income taxes. Grants-in-aid as local revenue sources are discussed under Federal-local and Federal-State-local programs.

Federal revenues have a tremendous impact on the local revenue system because the present high levels of Federal and State taxation drain off from the citizens and their communities revenues which would otherwise be available for local use. The Federal revenues may not take the money by the same kinds of taxes which the local governments use, and yet the weight of Federal and State taxation combined makes it difficult for the local governments to expand their revenue sources. Furthermore, the great rise in prices since 1939 has increased operating and construction costs for municipalities without providing for them commensurate increases in local revenues. Municipalities, therefore, have a great concern about inflation, a matter governed by national policies and national economic conditions.

FEDERAL-LOCAL AND FEDERAL-STATE-LOCAL PROGRAMS

The interrelation of Federal, State, and local programs is one of the principal areas to be studied by the proposed Commission. The organization of social and economic life in the United States has created a situation where there is a national interest in activities or functions which originally were exclusively State or local in nature. There are nearly 100 areas of activity which are shared by the Federal, State, and local governments. Only the more important of these can be discussed here.

Airport construction and airport operation

A national system of airports is required for national defense, business convenience, and public safety. The present system of airports, mostly municipal airports, has been built, maintained, and operated primarily by joint Federal-city cooperation. Air transportation is essentially interstate and must be governed by uniform national regulations.

Civil defense

Civil defense, in the opinion of the American Municipal Association, is essentially a Federal-local program, and a part of national defense. The municipalities of the United States do not want to avoid their responsibilities for civil defense. Under present law, however, they are required to work through State civil-defense organizations whether or not there is any effective State organization. The American Municipal Association believes that at least the major target areas should be able to deal directly with the Federal Civil Defense Administration, and that other cities in States which have no adequate State programs should be permitted to deal directly with FCDA. Strong Federal leadership and continuing demonstration of interest by Congress and the administrative agencies are essential.

Defense activities and local communities

The rapid expansion of defense activities as well as some traditional relations between the armed services and local communities need reexamination. Many local communities are overrun by armed service installations or defense plants. Some Federal aid has been provided even though it comes too late. Right now, the Defense Establishment is rapidly extending the amount of property exempt from local taxation. The defense plants, originally built by the Defense Plant Corporation and later held by the RFC, paid taxes through 1951 or 1952. Payment has suddenly stopped in many places. A new type of contract has further aggravated the situation by vesting in the Federal Government title to raw materials, goods in process, implements, equipment, and machine tools. The communities facilities program, under Public Law 139, 82d Congress, has never been adequate to compensate local communities for the dislocation of their facilities or the necessity for rapid expansion. The whole question of payments in lieu of taxes on Federal property is also a major concern for the proposed national Commission.

Highway construction

Streets and highways are constructed and maintained primarily by State and local governments. A national system of highways, however, has always been considered a necessity. The Federal Bureau of Public Roads with judicious use of Federal aid has been the chief factor in coordinating interstate highways, establishing standards, and providing highway research and statistics. A national system of highways can be achieved only by Federal coordination. Military necessity, industrial progress, and public convenience all seem to dictate the continuance of united efforts for interstate highways, interregional highways, intercity highways, and national defense arteries, all tied into adequate roads and streets built by the States, counties, cities, and towns. The relation of toll roads to the interstate system and the competition between toll roads and free public roads may deserve study.

Hospital construction

The Congress of the United States through the Hill-Burton Act has provided a stimulus for local hospital construction. Ordinarily payments are made through the State, but may go directly to the cities if there is no State authorization. The provision of added hospital beds has been advanced many years through the incentive of Federal aid.

Housing, slum clearance and urban redevelopment

Federal concern over housing first manifested itself in a formal way in 1931 when President Hoover called a conference on home building and home ownership. From this conference came recommendations and subsequent legislation relating to Federal aid slum elimination and provision of housing for low income families. The local role has grown in strength and importance so that under the Housing Act of 1949 the local community has major responsibility for all decisions as to size, character and operation of the housing and redevelopment projects for which it received Federal aid. Such programs are the active concern of 1,200 communities. More than 415,000 units of public low rent housing are either up

and occupied or under consideration at the present time. The program of slum clearance and urban redevelopment is well under way in such cities as Chicago, Norfolk, Newark, Baltimore, New York, and Detroit, and more than 250 communities have applied to the Housing and Home Finance Agency for assistance in launching slum clearance programs. Another housing program of importance to municipalities is defense housing, either already built or needed in defense areas over which local units of government have little or no control.

Public health grants

Municipalities and other local governments have developed cooperative public health programs through the counties, States and the Federal Government. In many such programs, 4 or even 5 levels of government are involved. Federal funds are available for general public health purposes, control of venereal disease, control of tuberculosis, mental health, and cancer and heart research. These are usually joint Federal-State-local programs. Federal funds for child welfare do not require matching funds from States or local governments. One-half of the fund for crippled children and maternal and child health services must be matched by State or local funds. Programs which affect so vitally the lives of American people should be changed only when the full effects of the changes have been studied and, where desirable, alternatives provided.

Reconstruction Finance Corporation loans

Legally the RFC can make loans to municipalities for construction projects and for disaster relief. We believe no loans have been made for the latter purpose. For local construction projects a limited number of loans have been made in the last 5 years. The construction loan program of the PWA, RFC, and cities, so successful in the 1930's, should be restudied now.

Old age and survivors insurance

Some public employees are now eligible; others are excluded. Satisfactory methods of eliminating such discrimination should be worked out.

CONCLUSION

The American Municipal Association pledges its full support to the proposed Commission on Intergovernmental Relations and later to implementation of the recommendations of that body. The work of the Commission should be an unselfish effort to determine the nature and extent of the national interest in the common activities of the Federal, State and local governments.

Submitted for the American Municipal Association by: Hon. William B. Hartsfield, mayor of Atlanta, Ga., president; Hon. William V. Bailey, mayor of Battle Creek, Mich.; Carl H. Chatters, executive director; Randy H. Hamilton, director of Washington office; George H. Deming, director of technical assistance.

Mr. DEMING. The American Municipal Association is very hopeful that the bill finally recommended by this committee will provide for a broad survey of all aspects of Federal, State, and local relations. In other words, we would be very happy if H. R. 4406 spells out in its statement of duties of the Commission, the broad objectives which are voiced in section 1 of the bill, the declaration of purpose of the bill.

The statement of duties as it is now written in section 3 of H. R. 4406 would, we feel, restrict the duties of the Commission to a survey of the grant-in-aid program. Certainly, we would not argue with the consideration of grant-in-aid. We feel that that would be a very important part of the Commission's work.

Yet, on the other hand, we feel that there are programs over and beyond the grant-in-aid programs that also would deserve consideration. We think that the Commission which is now under consideration ought, for example, to concern itself with some of the problems which were posed by the Hoover Commission in its report on Federal-State relations. The Hoover Commission suggested that the Congress should either appraise or sponsor an appraisal of the functions and activities of the Federal, State, and local governments to determine which could most efficiently and advantageously be performed on the

various levels, which functions require joint policymaking, financing, and administration. The Commission further recommended a general revision of the National, State, and local tax systems with the view in mind that the States and municipalities should have adequate resources with which to meet the responsibilities which they now have and which, pursuant to the findings of this Commission, they might have in the future.

The Commission further felt that there should be a systematization of grants-in-aid planning and program and recommended the development of a continuing agency. The need for consideration of the national, State, and local problem along fairly broad lines becomes rather obvious when we consider that there are about 100 areas of governmental activity in which the Federal, State, and local governments participate under our Federal system. In most cases there is a definite commitment of funds by each level of government and, in many cases, the definite commitment of funds is not so much the application of an aid concept by Federal and State Government as it is an appreciation of a condition of federalism which exists under our system of government.

On the other hand, there are areas of Federal-State-local relations, it seems to us, that come into play, not because of the secondary interest of the Federal Government in a function which is primarily State and local but because of a primary interest.

For example, in the general area of national defense. During that period since the war there have been created some rather severe difficulties in some of our Nation's municipalities. Truly, Public Law 139 and the various school aid laws anticipate some help to municipalities, but in many cases that help comes to bear after the problem has been created, rather than in anticipation of it. We would suggest, with all due respect to congressional policy making committees, that at some point in the planning and policy making stages, the fiscal capabilities and the fiscal possibilities of municipal governments are not fully explored. We sometimes feel that the municipalities are placed in a position of fending for themselves during an extremely critical period of adjustment. One of the problems which is extremely critical at the present time is the progressive release of defense plants from municipal taxation. This expresses itself in two ways. In the first place, the development of plants which are definitely industrial in nature by the Atomic Energy Commission, or some other defense agency and which, because of Federal ownership, are exempt from the local real property tax. Nevertheless, these plants require municipal services, direct services in the form of fire protection, police protection, highways, water, sewer facilities and the like, and indirect in terms of hospitals, schools, police protection for the civilian population and so forth. And by itself there is little or no return taxwise from a Federally owned industrial plant. It might be suggestive to point out here that for many years now, proprietary functions owned by State and municipal governments have been taxable as proprietary functions, as contrasted with the pure governmental function. Another phase of the tax problem is the growing tendency on the part of the defense agencies to exempt their materiel in process under defense contracts from personal property taxation at the local government level. This is done by writing into defense contracts a clause which allows title to pass to the Federal Government agency on

payment of a partial payment. From then on out, raw products, materiel in storage, expendable small tools and the like, are all exempt from municipal taxation. In some of our Nation's cities that has become a real problem.

For example, in the city of Dallas, Tex., in the return which we just received yesterday, it was estimated they had in that city some \$10 million worth of personal property which was exempt from personal property taxation by virtue of the action of a defense contract.

The city of Detroit, Mich., has some \$6,500,000 worth of personal property which is exempt from the personal property tax because of goods and material exempt under a defense contract.

In Los Angeles County, Calif., turning to the county level of government, a signed statement by one of the county officials indicates there is some \$600 million worth of personal property in Los Angeles County which is escaping taxation because of this tax exempt clause in the Federal defense contracts.

Similarly, in San Diego County, some \$80 million worth of personal property exempt from taxation because of the interplay of defense contract provisions exists there.

We are hopeful that the Commission will have an opportunity to explore this area of Federal-local relations. We feel that it is a fundamental area in terms of intergovernmental relations.

Turning for just a moment to the question of tax relationships, it is true that the relationships between Federal and local levels are perhaps not as clearly discernible as the relationship between Federal and local services. There are, however, some points on which they come together, including the joint use admissions taxes, gasoline taxes, public-utility taxes, and, in some instances, income taxes. We feel that Federal revenues have a direct impact on the local revenue system because of the present high levels of Federal and State taxation, and incidentally, I include here the State taxation. It is rather interesting to point out that, and underlying perhaps the statement of the chairman in the opening of this hearing, that the property tax, contrary to popular opinion, has not reflected fully in its ability the increasing responsibilities of municipal government. I have received only recently a statement by Professor Newcomer of Vassar College, who has long been recognized by the Federal Government as an authority in not only local but also Federal taxation, and Professor Newcomer stated that—

The recent history of the general property tax is unique in that this is the only important tax in the United States that has not increased markedly in yield during the past 25 years.

That means that an increasing burden has been laid on the grant-in-aid programs, both at the State level and the Federal level.

We believe, then, that the Commission ought to look toward an allocation of tax resources that would supplement the property tax as a phase of this study.

We know that not all the questions that are before the United States in terms of intergovernmental relations are going to be answered by the Commission, and we would like to make that quite clear. We do not anticipate that the work of this Commission will be a substitute for continuing action on both the State and local levels of government. We appreciate that there is still work to be done in terms of setting the State and the local house in order.

On the other hand, we feel that that work is well in hand and that the work of this Commission could be complementary to those efforts in the State and local municipalities. We are very glad to have had this opportunity to discuss this problem with you. If there are questions which you would like to pose, I will be glad to try and answer them. If I do not have a proper answer for them, I will be frank to tell you so.

Mrs. HARDEN. How many municipalities does your organization represent?

Mr. DEMING. We represent something over 11,000 American municipalities, both large and small, Madam Chairman.

Mrs. HARDEN. Do you believe that most of those are in support of this or similar bills?

Mr. DEMING. Yes; our statement here this morning and the statements of policy which have been included as an enclosure to our statement are the considered judgment of our membership. The resolutions that you will find noted there were adopted, the last one in our Municipal Congress held in Los Angeles in the fall of 1952, and as I say, those statements represent the considered judgment of municipal officials across the country.

Mrs. HARDEN. I found your statement very interesting and especially that part of your statement where you referred to the current examples of industrial tax exemption among different industries, and I see you have listed there Gary, Ind., in my own home State, a personal property amounting to \$5 million on the part of the Government and the tax loss of \$180,000. This committee hopes, within the near future, to conduct some hearings along those lines.

Mr. DEMING. We think this is a very fruitful area of study. The figures which I have here in this statement, we are in a position to back up with signed statements from the municipalities or the counties concerned. Indeed we are at the present time in the process of surveying this problem insofar as we are able across the country in cooperation with the National Association of Assessing Officers.

I would like to underline this particular entry that each one of these statements with respect to tax loss is based on a signed statement by a municipal official or a county official, as the case may be. Otherwise, we would not have included these figures in this statement.

Mrs. HARDEN. Do you have any questions, Mr. Meader?

Mr. MEADER. Yes, Madam Chairman. Mr. Deming, first I would like to discuss the general proposition of setting up a commission to do what is already the required responsibility of a committee of Congress. I presume that you are aware of the jurisdiction of this committee.

Mr. DEMING. Yes, sir.

Mr. MEADER. The Government Operations Committee and this particular subcommittee deal with the field of intergovernmental relations between the Federal Government and the State and local governments.

Mr. DEMING. Yes, sir.

Mr. MEADER. Do you have any general views on the desirability of having the investigation of this subject conducted by a congressional committee as opposed to a statutory commission, created especially for that purpose?

Mr. DEMING. Well, my thinking on that, sir, is this, that it would seem to me that it would be desirable to have this particular study done by a statutory commission. I might say that we were extremely pleased that this particular commission was to be considered under a statutory basis rather than as a pure extension of the executive power. We feel that if a commission is created, such as anticipated here, that it does provide an opportunity for an expression of various interests.

For example, speaking selfishly for just a moment, we have been intensely interested that in a commission of this sort that representatives of local governments should be represented, that there were areas of municipal interest we felt that could only be treated perhaps fully by people who were active in the local government level. We appreciate fully that there are Congressmen who have had experience in local government over the years and have a continuing contact with it, and yet we appreciate that as in our own case it is not too difficult to get somewhat removed from the day-by-day problem as, for example, in this tax field. At the same time we feel that perhaps the executive branch should be represented in a study of this sort. Certainly we would agree that this committee has the power to make this sort of study, but we would like to feel that the work of this commission, if it is created, would be complementary to the work of both the House and the Senate Committees on Government Operations. We certainly feel it would not stand in lieu of the committee's work but would be complementary to it.

Mr. MEADER. My question did not carry the implication that I was opposed to statutory commissions. In fact, I have a bill, H. R. 4199, to establish a bipartisan commission on foreign economic policy called the Commission on Overseas Investment and Trade. I can see a distinction between that field which, in my judgment, involves more than purely governmental action, where the objective is to expand trade and investment and requires the cooperation of the American business community and the field we are dealing with here, which is almost purely governmental. In other words, it seems to me appropriate in a field where you are asking private citizens in their private activities to engage in a program that is conceived to be in the national interest to give them representation on a commission for studying the subject, formulating policies and recommending programs in which the citizens themselves play the principal part. But I have some misgivings about setting up a duplicating and parallel commission where the questions are purely governmental and where there is already jurisdiction in a congressional committee.

As a practical matter, I realize that the commission method or technique is perhaps necessary because we in Congress simply will not give a congressional committee the same kind of financial support that we seem to be willing to give generously to commissions. The Hoover Commission, for example, spent something like \$2 million. The appropriations for this committee for 1 year's activities is something on the order of \$65,000. We in Congress seem to be reluctant to equip our committees and give them the proper staff and assistance necessary to do a thorough investigative job.

As a matter of general principle, it seems to me there is a great deal of merit in having the facts developed and the policies formulated at the very point where the decision is to be made. If legislation with

respect to grants-in-aid programs, tax immunity, competition and duplication of taxes, or any of the problems involved in this general field is to originate anywhere, it is going to originate in the Congress. It seems to me that the facts ought to be developed as close to the place where the decisions will be made as it is possible to arrange. The Commission will make this study. It cannot pass legislation. It has no responsibility for the legislation, and the whole process has to be gone over again by the committees of the Congress. Frequently the Members of Congress who are members of a commission do not take as active a part in the commission's studies as some of the other members of the commission. The result is, and I think it was true in the case of the Hoover Commission, that sometimes the congressional members of the Commission are the most active opponents of the Commission's recommendations when they come before the Congress. I am wondering if you have any views along the line I have just expressed because we face this basic problem every time one of these commission proposals comes before us.

Mr. DEMING. I appreciate your statement very much, and please do not believe that I am trying to answer in your own words. But it seems to me you have highlighted 1 or 2 considerations and perhaps the most important of those considerations is that these questions with respect to the study of governmental problems are forged out oftentimes not so much on questions of principle as on the basis of practical politics. As you suggest, the Congress may be more willing to provide funds for a commission than it would for this committee here. I would say that, given the same funds that the Commission may receive, that the Congress may be willing to provide this Commission, and certainly it would be possible for the congressional committee to secure representation in its work. On the other hand, it has always seemed to me that a broad-based commission representing congressional interest, representing executive interests, representing the interest of, in this case, the State and the local governments, and indeed representing the interests of the citizen voter, that a broad-based commission of that sort was in an enviable position in the terms of arriving at a consensus of opinion respecting the staff work and the work of the staff. It seems to me that a broad-based commission is thoroughly consistent with our frame of Government. It seems to me that it is thoroughly consistent with the citizen voter participation, in this case the recommendation-making process, and certainly I would not underplay the close association which oftentimes exists between a Congressman and his constituent voters. But I do feel quite definitely and I think I speak correctly for our organization when I say that we feel rather definitely that a broad-based commission would seem more likely to achieve the sort of answers that not only the Congress but also the State and local governments are looking for.

Mr. MEADER. In the light of your statement that the local governments, that is, the State governments and municipalities, perhaps even school districts, should have representation on this Commission, would you think it desirable to spell out the qualifications of members so that you would be assured in the legislation that such representation would be given?

Mr. DEMING. I take it there you suggest that there should be certain qualifications, for example, that the members of the Commission will be represented from municipalities and the like. Previous

bills that have been introduced have carried that feature. Indeed, some of them have carried a provision that the President might appoint from a panel drawn by organizations representing municipal and State officials.

In this particular bill which has now passed the Senate and been under consideration by the executive, we feel that municipalities will be represented. It seems to us that not only has President Eisenhower but also Senator Taft in his testimony before the Senate made it rather clear, almost to the point of commitment, that municipal officials and county officials, State officials would be represented on this Commission. Now truly there is nothing in the bill which specifically says that this shall be so. But we have the statement of men of good faith that this will be the case.

As an organization, we are satisfied that in the case of this particular measure that that commitment will be carried out.

Mr. HILLELSON. Will the gentleman yield for one question?

Mr. MEADER. Yes.

Mr. HILLELSON. I am sorry I have to leave in about 2 minutes and I would like to ask one question before I leave. This Commission, whether it is a good one or a bad one, of course is based on a long range program. In other words, as I understand it, this Commission is to come back with some kind of a report on March 1, 1954. After that, of course, after the report is submitted, which would have to be presented to the next Congress which, in turn, would be 1955 and possibly it would even be 1956 before any direct action is taken. Isn't that right, Mr. Deming?

Mr. DEMING. I think that is true, yes.

Mr. HILLELSON. The question I have deals with corporate property that has been purchased by the Government or Federal corporations, which as a result, the local governments are unable to receive any tax from this real property. I think you are acquainted with that problem.

Mr. DEMING. That is true.

Mr. HILLELSON. Do you think that there is an immediate need for this thing to be cleared up and do you think there should be some kind of a temporary measure provided to take care of the taxes that are not being collected by these local governments during the time that this Commission is investigating, or do you think that is a necessity? I don't know if you understand my question.

Mr. DEMING. Yes, I do understand your question. As an organization, we are definitely of the opinion that this question of taxation of either federally exempt or federally owned industrial property and other Federal properties should be considered and, we would hope, promptly.

There is a bill now under consideration, S. 788, which I understand has aroused considerable interest in the Senate and in the House as well.

Mr. HILLELSON. Who is the author?

Mr. DEMING. I believe Senator Humphrey of Minnesota introduced the measure and I believe it is now under very serious consideration by Senator Taft in light of a situation which has arisen in Ohio.

Perhaps I can put it this way. This question of exemption of industrial property, as well as other areas of Federal property, is one element in this overall question of Federal-State-local relations.

Mr. HILLELSON. In other words, perhaps that would reach 10 percent or 15 percent of the problem.

Mr. DEMING. I hesitate to put a quantitative measure on it.

Mr. HILLELSON. That is an arbitrary figure.

Mr. DEMING. But certainly that figure is suggestive. As I say, we are hopeful that that problem might be considered in the present session of Congress. Yet on the other hand I would think that even if that question were considered and definite action were taken on S. 788 for example that this Commission, were it created, should not be excluded from considering any area of activities because it is a component.

Mr. HILLELSON. You think S. 788 should be on a temporary basis so that the Commission could still go into that same problem and come out with recommendations regarding that type of problem.

Mr. DEMING. Certainly S. 788 on a temporary basis would afford a measure of relief for a time.

Mr. HILLELSON. That is immediate relief?

Mr. DEMING. Were we testifying on S. 788, we would be forced to suggest that S. 788 probably does not fully consider this industrial problem itself. That is a problem which is almost unique.

Mr. HILLELSON. Would you say only that property which is owned by the Federal Government and used for industrial purposes?

Mr. DEMING. Is that the frame of S. 788?

Mr. HILLELSON. Is that what you had in mind?

Mr. DEMING. That is all right. I was speaking here in terms of this Commission, S. 788, as I remember it, and I do not have a copy of it with me this morning—

Mr. HILLELSON. I do not think the bill itself is important, but I was trying to get your reaction to the need as pertains to this property that is owned by the Government corporations. In many cases, the local governments have received tax benefits from this property, and recently as a matter of fact, during the last few sessions of Congress, the Congress has authorized that some of this property can be taxed. In other words, there is no precedent. I am not talking about that, but talking about your opinion as to whether you think they should be taxed by the local governments. I do not mean post offices.

Mr. DEMING. No. Our position is that the property which is industrial in nature should either pay real property taxes in terms of realty or personal property taxes in terms of personalty, in States that levy personal property taxes, or should at least make a payment perhaps on a contractual basis for the services which they receive.

Mr. HILLELSON. The type of property which I specifically referred to is property that has been taxed by the local government and then, as a result of its being transferred within the Federal Government or including the Federal corporations, is no longer on the tax rolls.

Mr. DEMING. That is one area of property which would come under that general recommendation. We would say that new realty, which is created as for example the plant in Cuyahoga Heights which has not been taxed before because no plant existed but that plant should be included and should be taxable in terms of services received.

Mr. HILLELSON. But the need is still more immediate than the Commission can accomplish.

Mr. DEMING. I would agree with that but I would caution against excluding that area of inquiry when the Commission does sit because many of those factors are interrelated.

Mr. HILLELSON. If you should take care of the immediate need, you think that that bill or proposal should be limited so that it can be included in this overall Commission report?

Mr. DEMING. I think I would agree with that.

Mr. HILLELSON. In other words, 2 or 3 years or something like that.

Mr. DEMING. I think I would agree with that; yes, sir.

Mr. HILLELSON. That is the only thing I had in mind, Madam Chairman. Thank you.

Mrs. HARDEN. Mr. Meader?

Mr. MEADER. Thank you. I notice your statement that the description of duties of the Commission in section 3 (b) is, in your opinion, too narrow because it seems to confine the investigation to Federal-aid programs rather than the whole area of relations between the Federal and State and local governments. That leads me to inquire whether you have any language or an amendment to suggest to accomplish the broader statement of purposes you think desirable.

Mr. DEMING. Let me suggest this, sir, that we are already on record as an organization as favoring the amendments which were made in the Senate and I would certainly stand in back of the bill as it was passed by the Senate.

Mr. MEADER. That is S. 1514?

Mr. DEMING. Yes. S. 1514.

Mr. MEADER. The language you feel covers the problem is the phrase "problems in the field of intergovernmental tax immunities"?

Mr. DEMING. That phrase was deleted in the Senate.

Section 3 (b), as prepared by the Senate, reads:

The Commission shall study and investigate all of the present activities in which Federal aid is extended to State and local governments, the interrelationships of the financing of this aid, the sources of the financing of governmental programs.

And the phrase:

And problems in the field of intergovernmental tax immunities was deleted pursuant to an amendment introduced by Senator Taft.

Mr. OSMERS. Then I must have the wrong print.

Mr. DEMING. I think the print we have is that from the Committee and not the print released by the Senate.

Mr. OSMERS. Is that the only change that was made in the Senate?

Mr. DEMING. Yes.

Mr. MEADER. You are satisfied with the language as passed by the Senate?

Mr. DEMING. Yes, sir; we are satisfied with the language that passed the Senate.

Mr. MEADER. Then this Commission would have a far narrower scope of jurisdiction than is the scope of jurisdiction of this committee and of this subcommittee.

The problem Mr. Hillelson mentioned, which is referred to in your statement, is a matter of concern in my district in Michigan. I have taken quite a good deal of interest in the fact that local government units at Adrian, Michigan, lose something like \$90,000 worth of taxes as a result of the transfer of property from the Reconstruction Finance

Corporation to the Federal Government. That problem, under the deletion made by the Senate, as I understand it, would not be a part of the study of the Commission.

Mr. DEMING. We feel that that subject area would be included by implication under section 1, the declaration of purpose. Section 3 (a) of the bill, as passed by the Senate, reads:

The Commission shall carry out the purposes of section 1 hereof.

One of the statements or one of the expressions in the declaration of purpose of the bill is:

* * * It is necessary to study the proper role of the Federal Government in relation to the States and their political subdivisions, with respect to such fields to the end that these relations may be clearly defined * * *.

We would feel that certainly a Commission would have the frame of reference necessary there to study the impact of Federal activities on State and local government.

Mr. MEADER. Isn't that stretching the language, especially in view of the fact that this phrase "problems in the field of intergovernmental tax immunities" was especially stricken from the draft of the bill? When we are passing legislation why don't we say plainly what we mean rather than go through some nebulous process of rationalization in order to arrive at an objective? If that field is within the scope of this committee's study, why not say so plainly?

Mrs. HARDEN. Will the gentleman yield?

Mr. MEADER. Yes.

Mrs. HARDEN. I would like to read a quotation from the Congressional Record of Wednesday, May 6, 1953, in the debate in the Senate by Senator Taft, which is as follows:

Mr. TAFT. Mr. President, I should like to make a brief statement as to why I offered my amendment to the committee amendment. It was to cover the case of Government plants which are moved into various places where they are not subject to taxation. The property is thus taken off the taxrolls. I feel that that subject has become of such an emergency measure that it ought not to be postponed for a year while the Commission studies it. I think the Commission ought to go about doing something at once. I do not see any reason for taking a full year to study the question.

Mr. MEADER. I can appreciate that. I certainly would agree with him that it is an emergency, and I am very much interested in this subject. I have discussed with Mr. Hillelson, and also the staff director of this subcommittee, the possibility of introducing legislation which would give relief to local governments where a piece of valuable property owned by a Government corporation has been on the taxrolls and, through the fact that title has been transferred to the United States Government, has been removed from the taxrolls and thus has caused a loss of revenue to the municipality. That is a specific limited area of the problem. The fact that emergency action ought to be taken does not seem to me to argue that this Commission should not give consideration to that problem. I mean the fact that the Commission is authorized to study the field does not seem to me to be in any way inconsistent with taking emergency action.

Mr. DEMING. We would feel that the inclusion of that phrase spells out more clearly and does not leave open the field of implication which would be necessary if it were not spelled out. Frankly, we certainly would support the bill with that phrase included. The bill would definitely be stronger. We probably could support it more enthusi-

astically with that phrase included than without it. Yet, I would feel that the implication is clear. However, I think the Congressional Record shows that one of the problems which might be involved there would be, of course, the question of municipal immunity in the field of municipal bonds. The immunity of municipal bonds is certainly a premise upon which we have stood for many years, and the point of our testimony here this morning perhaps has been more in the question of tax immunity in the area of proprietary functions. If the question of municipal bonds could be specifically excluded from these problems and the area of intergovernmental tax immunities, then that would remove one area of question which certainly must exist in the minds of municipal officials.

Mr. MEADER. Let me ask then—and I am almost sure what your answer is going to be from what you have just now said—whether you would have any objection to giving this Commission exactly the same authority that this subcommittee has, studying intergovernmental relations between the United States and the States and the municipalities.

Mr. DEMING. I think we would go along with that.

Mr. MEADER. Well, if you will take the matter of taxation of municipal bonds, then the matter of social-security taxation of State or county employees would be within the scope of the committee's inquiry if it wanted to go into that subject, wouldn't it?

Mr. DEMING. It definitely would be.

Mrs. HARDEN. I believe that Senator Taft was fearful that nothing would be done on the emergency cases because the people could say, "Well, it is going to be studied."

Mr. Deming, can you suggest any language to take care of both those situations?

Mr. DEMING. Going back to my earlier statement, we do definitely feel that there is a need for prompt consideration of S. 788 or a bill which embraces the same subject matter; and yet, at the same time, we would feel that, even though S. 788 were passed, this overall question of interrelations in the tax field and the tax-immunity field ought to be considered by the Commission. I am not sure that I can suggest just how to put in here an expression which says in effect that passage of this bill shall not prejudice the consideration of a bill to provide immediate relief to municipalities in a case of industrial plants and the like. That might be something the spirit of which could be included in the committee report which, while not having the strength of legislation, at least indicates the thinking of the committee with regard to a particular field of legislation.

Mr. MEADER. I would like to pursue this subject of the scope of the Commission's inquiry a little further. I might make this observation first, Mr. Deming, and see whether or not your thinking is in line with mine.

I think this area of the relationship between the Federal Government and the State governments is one of the most delicate areas in our whole Federal system of dual sovereignty. I sometimes wonder whether we still have a system of dual sovereignty and whether there is any sovereignty left in the States, but the area where State and national authority meet is one which I believe the Supreme Court throughout our history has been very reluctant to explore and define.

Legal questions dealing with the line of demarcation between the authority of the States, and their supposedly independent sovereignty, and the authority of the Federal Government, are very touchy. It seems to me that it is precisely in that field that this Commission is authorized to conduct its study and make recommendations.

In other words, I think there are constitutional implications in this Commission study. If we are to go into this field and set up a Commission to explore that area, it seems to me they ought to have rather complete and clear authority to do so, and I wonder if you do not go along with that thinking.

Mr. DEMING. Well, yes; certainly I go along with that thinking.

As you were speaking, I could not help but remember that the Supreme Court only this past week handed down a decision in which the State of Tennessee and the Esso Standard Oil Co., and the Federal Government were parties in which the Supreme Court recognized that the Federal Government might, on occasion, be engaged in proprietary functions, industrial in nature, which could be taxable by a State. Certainly there are constitutional questions involved; perhaps even more serious than the clear constitutional questions are the questions of constitutional interpretation that are involved under the whole question of constitutional warrant for Federal interest in municipal activities, which is an area worthy of constant study.

Only yesterday I was reminded again that during President Hoover's administration, when he had appointed the so-called Wilbur committee to study, as I remember, the question with regard to education and the like—that at that point they found some 14 constitutional bases, both expressly stated and implied—and I emphasize the “implied”—for Federal interest in the field of education. This constitutional question is one that we have had with us for a long time.

If I could speak as an individual for just a moment, it seems to me that one of the questions which this Commission is facing is the meaning of the Constitution with regard to dual federalism, cooperative federalism, and of the type of federalism you will encounter at this stage in the Nation's development. There are questions of practical politics involved, but there are also constitutional questions, and probably philosophical questions involved in this whole area of national-State-local relations.

Definitely this Commission cannot work unless it gets into the Constitution.

Mr. MEADER. I want to turn now to a matter of mechanics. I noticed neither Mr. Halleck's bill nor the Senate bill, contain subpoena powers for the commission. I do not recall your making any reference to that question in your statement. Do you have any views on the desirability of giving this Commission the subpoena power?

Mr. DEMING. We have no definite views on that particular question in light of section 4 (b), beginning at line 19, on page 4 where it states that:

The Commission is authorized to secure from any department, agency, or independent instrumentality of the executive branch of the Government any information it deems necessary to carry out its functions under this act.

That is in H. R. 4406. Admittedly that does not extend to a representative of State and local government.

Mr. MEADER. Or to private citizens.

Mr. DEMING. Or to private citizens. Certainly the subpoena power, wisely used, might facilitate the work of the Commission in securing the opinions and indeed perhaps information from State and local groups.

Mr. MEADER. If we cannot trust this Commission to deal wisely with the subpoena power, we cannot trust them to deal wisely with the very delicate subject they are given a mandate to explore.

Mr. DEMING. That is quite true. I think likely the subpoena power would facilitate their work.

On the other hand, I envision that the way this Commission would work would be pretty much within a cooperative atmosphere. I cannot envision a State or local official failing to cooperate with this Commission.

Mr. MEADER. I certainly would share your hope that that would be the way the Commission would operate, but frequently when you get down to the brass tacks, it is always handy to have the power if you need it. Frequently also it is a protection to the person who has possession of documents or information to be served with a subpoena.

For example, let us say the Commission desires documents from some local taxing authority. The official might question his right to turn those documents over to the Commission without some kind of legal authority or requirement that he do so. It seems to me if you create a commission, they ought to have the power of a committee of Congress to get the facts. After all, it is facts we want. It is only upon the basis of facts that wise decisions can be made. I do not like to see a commission set up with all this preparation and then find them powerless to require anyone who wants to defy them to give the information they need.

Mr. DEMING. Do you remember whether the Hoover Commission had subpoena powers, Mr. Ward?

Mr. WARD. I do not think they did.

Mr. DEMING. I cannot remember on that point either.

Certainly, the subpoena power might very well facilitate its work and it would certainly be no impediment to its work. Frankly, it is a question that I had not spent very much time thinking about.

Mr. MEADER. It may be important to get income-tax returns or other kinds of tax returns. I don't know whether this Commission would be the recipient of the authority the President can give to inspect income-tax returns in the Bureau of Internal Revenue, but one way the Commission could get tax returns is to subpoena the taxpayer's copy. Did the Hoover Commission have subpoena powers?

Mr. DEMING. No.

Section 11 (b) sets it forth there.

Mr. MEADER. That is all I have at this point.

Mrs. HARDEN. Mr. Pilcher?

Mr. PILCHER. You feel that this committee, if it had ample funds, has got the tools and more power than the Commission would have?

Mr. MEADER. I think the scope of our committee's jurisdiction, as defined in the Legislative Reorganization Act, and our own rules, is broader than the authority contained in the Senate bill.

Mr. PILCHER. If we create the Commission, there is no use in doing that unless it has some power. In other words, there is no use in having a commission if they cannot find out the different things about

the relationship between the State and Federal Governments. Lots of things enter into this, like the income tax, social security, where 1 plant is leased and 1 owned by the Federal Government and somebody did not want to testify or somebody did not want to give the information. I think you are right on it. I cannot see where a committee without any authority—lots of people will tell you to go jump in the river right quick.

Mr. MEADER. The very fact that you have the subpoena power is likely to engender a more cooperative attitude in those who have the information.

Mrs. HARDEN. Do you have any questions, Mr. Osmer's?

Mr. OSMERS. Yes. First, I have an observation to make and then I have a couple of questions. I don't suppose there is anybody in Congress more interested than I am in clearing up intergovernmental operations, and there is probably also no one in Congress who takes a dimmer view of establishing commissions to do exactly the same thing that committees of Congress are provided for. It is duplication, and the fact that you have a majority of the members of the proposed Commission who are not Members of Congress immediately brings us to the conclusion that Congress will probably shelve a good many of the recommendations brought in.

The Hoover Commission spent a great deal of money and they had the most carefully organized public relations program that any similar effort has had, and they had unusual success. They passed about one-half of the things they set out to accomplish.

I would like to ask Mr. Deming this: Do you know of any information or any office in the United States or any official in the United States who has a real contribution to make in this field who has not already been heard by either the American Municipal Association, the National Association of County Officials, the Council of State Governments, the Hoover Commission or by a Committee of Congress, or at the governor's conference?

Mr. DEMING. That is a broad question.

Mr. OSMERS. It is not hard to answer through. This is one subject, Mr. Deming, upon which everyone in the United States has spoken his piece and I know that if I call you up, call up your office this afternoon and ask for information on it, you are going to send me a large quantity.

I called the Council of State Governments and asked if they had any information on this subject, and a man came over with an armful. It seems to me that Congress is abdicating its duties in appointing commissions to do this work and spending a lot of money besides.

After all, many of us in Congress—and I am no exception—have had experience in municipal, county, State, and Federal Government, and it seems to me that this committee is wasting its time talking about a commission to do its work.

What ought to happen now is that legislation should be written, introduced in Congress, referred to this subcommittee, and it ought to be reported out or killed. Those are my views. How far do you go along with them?

Mr. DEMING. Organizationally we have, over a period of years now, recommended the formation of such a commission as is now anticipated.

That is the thinking of the members of the organization and I think, sir, in representing the organization, that would be the position that I would need to stand on.

Mr. OSMERS. I wouldn't want you to take any view contrary to the one your organization takes, of course. But here we are in a position where we have a report provided for by the bill by March 1, 1954, which is not an unduly long time. In March we will probably be midway through a congressional session and it will be too late for action during 1954, so then in 1955 you have a new Congress and what this new Congress has on its agenda is another matter. The new Congress will have its own views and committees, so I think we may bury some very good ideas by appointing this Commission.

Take, for example, the subject that you brought up here as an emergency. The elements of that are rather well-known.

Mr. DEMING. Oh, yes.

Mr. OSMERS. There isn't anything going to be learned by sending some commission to the State of Michigan or California. We know that they have a local tax problem there. We know very well that if the Federal Government preempts all the sources of revenue that it becomes harder and harder for the States to build schools. Do we need a commission to tell us that?

The point is we need to introduce a few bills to take some of these taxes, like the tobacco tax, and return the revenue to the States so that they can handle their local, county, and State programs. But this proposal, in my opinion, does not take into consideration the pace of this subject. This subject has been discussed for many, many years and there is a great deal of information on it and I have talked to at least three governors and they tell me privately, and I don't know what their official council of State government position is, but they told me privately, "don't appoint a commission. It is Congress' job. Put some bills in and work on the legislation."

Of all the bills that are before us, do you feel that this S. 1514 is the one that we should favor here?

Mr. DEMING. Yes.

Mr. OSMERS. Don't you think we ought to have the subpoena power and also to put that tax-immunity language back in there again?

Mr. DEMING. I have been reflecting on the question of subpoena power for the last few minutes since Congressman Meader raised the question, and I would agree that the subpoena power would certainly facilitate the Commission's work, and I would also agree that as I think back through my mind that some of the difficulties that some of our local officials and some of our local municipalities have are, No. 1, getting away from their jobs, and No. 2, in getting expenses for travel which they may have to incur that the subpoena power might be of use to them in laying down a clear-cut instruction to appear before this particular Commission.

Mr. OSMERS. One other question. I may have understood you, but I thought in your verbal testimony before you made a statement that the property tax was the only tax that had not materially increased in the last 25 years, or the revenue from it.

Mr. DEMING. Yes; I was quoting from a statement prepared by Prof. Mable Newcomer, which appeared in the *National Tax Journal* for March 1953, in which she makes this statement:

The recent history of the general property tax is unique in that this is the only important tax in the United States that has not increased markedly in yield during the past 25 years. In fact, property-tax revenues declined during the early thirties and only in 1947 did total levies exceed those of 1930.

Then she goes on to point out in a further table the breakdown, both percentagewise and moneywise in terms of property tax, and also makes a statement here in terms of purchasing power of the local revenues which accrue from the property tax.

If you wish, I will leave that with you for the committee's study.

Mrs. HARDEN. Thank you.

(Statement of Mabel Newcomer is as follows:)

[Reprinted from *National Tax Journal*, March 1953, vol. VI, No. 1]

THE DECLINE OF THE GENERAL PROPERTY TAX

(Mabel Newcomer ¹)

The general property tax was the largest single source of tax revenue in the United States for most of the country's history before World War II. As late as 1932 it was contributing more than half of all Federal, State, and local taxes combined. In recent years, however, both the corporation and personal income taxes have far exceeded the property tax as revenue producers; and in 1950 the property tax contributed only 14 percent of all tax revenues.

The recent history of the general property tax is unique in that this is the only important tax in the United States that has not increased markedly in yield during the past 25 years. In fact, property-tax revenues declined during the early thirties and only in 1947 did total levies exceed those of 1930. At the same time complaints of excessive property levies continue; and municipalities are feverishly searching for new sources of revenue both to "relieve real estate" and to meet threatened deficits.

In view of the acute financial problem in many of our cities, it is of particular interest to learn whether the relief that has been granted to property owners in the past 20 years is reasonable in relation to present day demands. The present study is an attempt to trace the changes in general property tax during this period in the hope that it will throw some light on this question.

CHANGING IMPORTANCE OF PROPERTY TAXES IN THE TAX SYSTEM

State and local expenditures increased eightfold between 1902 and 1932, and these rising costs were met largely from increased property tax levies. There was no comparable increase in the potential tax base. National Bureau of Economic Research estimates show an increase in this same period in the national wealth of between 3 and 4 times.² The inevitable result was that property levies increased out of proportion to the value of the property taxed. During the 1920's there were frequent protests that property was bearing "more than its share" of the tax burden. These complaints were sharpened by the depression, and political pressures together with the breakdown of collection procedures led to a gradual reduction of property tax levies.

State and local governments did not respond to the depression quickly with reduced tax levies. The unprecedented demand for relief expenditures fell in the first instance on local budgets, and few local authorities were in a position to borrow extensively. On the contrary, those municipalities that had already taken full advantage of their borrowing powers were forced to reduce their debts in the face of a decline in the assessment rolls to which debt limits were frequently tied. Consequently, the levies of 1932 exceeded those of 1929 in a number of States. The high point of property tax levees for all States combined came in 1930. This was followed by 5 years of declining levies, and in 1935 the total stood

¹ The author is professor of economics in the department of economics, sociology, and anthropology at Vassar College.

² *Studies in Income and Wealth* (New York: National Bureau of Economic Research, Inc., 1951), XIV, 18-19. The estimates are \$81 billion in 1900, \$102 billion in 1904, and \$299 billion in 1932.

at less than 80 percent of the 1930 peak. Property taxes have risen fairly steadily since 1935, but so slowly that only in 1947 did they exceed the high point of 17 years earlier. Detailed figures of trends are given in table 1.

TABLE 1.—*Comparison of State and local tax revenues from general property tax levies and other sources for selected years, 1902–50*¹

[Dollar figures in millions]

Year	State and local taxes			State taxes			Local taxes		
	All	Property tax	Percent from property tax	All	Property tax	Percent from property tax	All	Property tax	Percent from property tax
1902.....	\$846	\$700	82.7	\$149	\$76	51.2	\$698	\$624	89.5
1912.....	1,609	1,355	84.2	305	145	47.4	1,305	1,210	92.8
1922.....	4,139	3,316	80.1	861	344	40.0	3,278	2,971	90.7
1926.....	5,404	4,326	80.0	1,254	364	29.0	4,150	3,962	95.5
1927.....	5,738	4,554	79.4	1,353	363	26.8	4,385	4,191	95.6
1928.....	6,207	4,855	78.2	1,511	368	24.3	4,696	4,486	95.5
1929.....	6,481	4,993	77.0	1,594	336	21.1	4,887	4,657	95.3
1930.....	6,863	5,186	75.6	1,777	338	19.0	5,086	4,848	95.3
1931.....	6,734	5,068	75.3	1,787	357	20.0	4,948	4,711	95.2
1932.....	6,371	4,792	75.2	1,671	317	19.0	4,700	4,475	95.2
1933.....	5,923	4,279	72.3	1,698	247	14.5	4,224	4,033	95.5
1934.....	6,060	4,113	67.9	1,969	229	11.6	4,091	3,884	94.9
1935.....	6,340	4,090	64.5	2,206	195	8.8	4,134	3,896	94.2
1936.....	6,844	4,121	60.2	2,612	180	6.9	4,232	3,940	93.1
1937.....	7,390	4,198	56.8	3,103	195	6.3	4,287	4,004	93.4
1938.....	7,979	4,280	53.6	3,595	185	5.2	4,384	4,095	93.4
1939.....	8,076	4,304	53.3	3,616	173	4.8	4,460	4,131	92.6
1940.....	8,721	4,368	50.1	4,171	165	3.9	4,550	4,204	92.4
1941.....	9,072	4,372	48.2	4,498	154	3.4	4,574	4,218	92.2
1942.....	9,614	4,446	46.2	4,972	183	3.7	4,642	4,263	91.8
1943.....	9,743	4,453	45.7	5,094	175	3.4	4,648	4,278	92.1
1944.....	10,109	4,504	44.6	5,407	168	3.1	4,701	4,336	92.2
1945.....	10,439	4,654	44.6	5,603	199	3.6	4,835	4,455	92.1
1946.....	11,108	4,878	43.9	6,014	169	2.8	5,094	4,709	92.5
1947.....	12,415	5,350	43.1	6,745	158	2.3	5,670	5,192	91.6
1948.....	14,404	6,079	42.2	7,793	155	2.0	6,611	5,924	89.6
1949.....	15,681	6,671	42.5	8,364	152	1.8	7,316	6,519	89.1
1950.....	16,710	7,090	42.4	8,940	160	1.8	7,770	6,930	89.2

¹ Data for total State and local taxes have been taken from the various reports of the Bureau of the Census on governmental finances, insofar as these are available. For local taxes it has been necessary to supplement these from a variety of sources. Official State reports have been used as far as these publish such data. In addition, the estimates of the National Industrial Conference Board in their studies on the Cost of State and Local Governments, statistics published in various editions of Tax Systems of the World, and the reports on Tax Yields of the Tax Institute have been used to supply missing data. For recent years some unpublished data have been obtained from letters from State finance officials and, where no other data could be found, estimates were made based on Financial Statistics of Cities and other incomplete data. For the property tax itself it was often necessary to use levies rather than collections. When levies were substituted for collections for a specific State they were used for that State for each year in the series so that trends would not be distorted by shifting from one to the other. Also, where levies were substituted, they were credited to the fiscal year in which payment was due. The result is to overestimate the percentage from property taxes in years when collections lag and to underestimate it in years when back-tax collections are large, but this should not affect appreciably the long-term trend. General property tax figures differ somewhat from those of the Bureau of the Census in the years when total levies and collections are reported because of the necessity of using levies for some States and collections for others throughout the period given. Also, this study is concerned with property taxes that are, except for tax limits, levied at the discretion of local governments. Consequently, when intangibles or other property are withdrawn from the general property tax base and taxed at a low uniform rate throughout the State, the proceeds have not been included under general property taxes, whether these revenues accrue to State or to local governments.

The first and obvious reason for the relative decline of the property tax is the enormous expansion of Federal taxes. Federal tax revenues, in which the general property tax plays no part, are approximately 3 times the combined collections of State and local governments today, whereas 20 years ago they were less than one-third of State and local collections. But disregarding Federal taxes, the general property tax revenues of State and local governments declined from 75 percent of all tax revenues in 1932 to 42 percent in 1950.

The second reason for the declining importance of the general property tax is that most of the State governments today levy only nominal sums or none at all for their own purposes. At the beginning of this century only two States obtained no State revenues from the property tax, and for all States combined it produced more than half of their tax revenues. In the first quarter of the century

a number of States attempted to do without it in order to give local governments full benefit of this source, but most of these reverted to State levies after a few years, and only three were not using it in 1926. Total State revenues from the property tax in this year were approximately five times what they had been at the beginning of the century, although State tax revenues as a whole had grown much faster, and three-quarters of the States were obtaining less than half of their tax receipts from this source. New sources of State revenue—personal and corporation income taxes and motor-fuel and motor-vehicle-licenses taxes—were providing the States with more revenues than the property tax.

In the second quarter of the century, these and other new sources, including the general sales tax, employment tax, tobacco, and liquor taxes, made it possible for most States to reduce their property levies greatly or to abandon them altogether. As a result, total State levies dropped to less than half of their 1926 level and to less than 2 percent of all State tax revenues. Also, they decreased from 8 to 2 percent of all property-tax levies. The property tax is, for all practical purposes, a purely local tax today. There seems to be every reason to expect this trend to continue. State aid to local governments has increased in many ways, and with all the other taxes available to the States it is hardly reasonable for them to levy taxes on the one base on which local governments depend for the larger part of their financing and then to redistribute this money in the form of State aid. There are more effective ways of equalizing resources.

Local governments are so dependent on the property tax for independent revenues, and at the same time are so hedged in by State limitations on this source, that the scope of their activities is in large measure determined by this tax base. It was inevitable that local levies would decrease with the decline in property values, and almost equally inevitable that they would increase again with rising property values. But in spite of recent increases the general property tax has declined in relative importance in local finances as well as in State finances. This has been made possible largely because of increases in State and Federal aid. Nonproperty taxes have grown somewhat in importance in local financing in recent years, but they were a smaller proportion of total local revenues in 1950 than they had been in 1902. These trends are shown in table 2.

TABLE 2.—*Principal sources of local revenues, 1902-50*¹

Source	1902	1932	1942	1950	1951
Millions of dollars					
General property tax ²	624	4,224	4,273	7,042	7,580
Other taxes ²	82	382	359	942	1,041
State and Federal aid.....	58	619	1,795	4,241	4,424
Charges and miscellaneous.....	89	790	613	1,602	1,871
Total.....	853	6,015	7,040	13,827	14,916
Percentage distribution					
General property tax.....	73.2	70.2	60.7	50.9	50.8
Other taxes.....	9.6	6.4	5.2	6.8	7.0
State and Federal aid.....	6.8	10.3	25.5	30.7	29.7
Charges and miscellaneous.....	10.4	13.0	8.7	11.6	12.5
Total.....	100.0	100.0	100.0	100.0	100.0

¹ Data from Bureau of the Census reports on governmental revenues.

² These figures differ from those in table 1 since the Census Bureau figures include all property taxes, general and special. Also, the estimates based on individual State reports differ from Census estimates as explained in the footnote to table 1. The differences are not great enough, however, to affect the trends indicated.

The larger cities have obtained approximately the same proportion of their revenues from the property tax as have municipalities as a whole during this period. If the proportion of property taxes and special assessments (which are levies on much the same base as property taxes and which are little used outside of the larger cities) is compared for 1932 and 1950, the decline is found to be from 84 to 54 percent. The cities have been able to increase their revenues from other taxes much more than have local authorities, and they are less dependent on

State aid. However, even the cities are obtaining more from State and Federal aid than from independent nonproperty taxes. This is shown in table 3.

TABLE 3.—*Principal sources of revenue in cities with a population of 25,000 and over*¹

Source	1902	1932 ²	1942	1950
Millions of dollars				
General property tax.....	270	1,659	1,668	2,324
Other taxes.....	41	151	245	704
State and Federal aid.....	17	121	462	908
Special assessments.....	26	155	32	65
Charges and miscellaneous ³	16	80	150	416
Total.....	370	2,166	2,557	4,417
Percentage distribution				
General property tax.....	73.0	76.6	65.2	52.6
Other taxes.....	11.1	6.9	9.6	15.9
State and Federal aid.....	4.6	5.6	18.1	20.5
Special assessments.....	7.0	7.2	1.2	1.5
Charges and miscellaneous.....	4.3	3.7	5.9	9.4
Total.....	100.0	100.0	100.0	100.0

¹ Data from Bureau of the Census, Wealth, Debt and Taxation, and Financial Statistics of Cities.

² Cities of 30,000 and over.

³ This is the classification used by the Bureau of the Census for recent years except that special assessments have been separately listed. It includes charges for current services, contributions from enterprises, and miscellaneous. For earlier years the nearest approximation to this that could be obtained, in view of a different classification, has been used.

THE CHANGING PROPERTY TAX BURDEN

The trend of property taxes in relation to national wealth and income is shown in table 4. The percentages for the national wealth do not represent the average rate on the real value of taxable property since, on the one hand, substantial categories of wealth are not included in the tax base and, on the other hand, the tax base includes some intangibles that are excluded from the estimate of national wealth. The national wealth is, however, a good measure of the potential tax base. It is apparent from these ratios that taxes did not decline as rapidly as wealth in the early depression years, nor have they increased as rapidly as wealth since. The ratio in 1948 was as low as it had been in 1902 and just half of that for 1932.

TABLE 4.—*Property taxes as a percentage of national wealth and income, 1902-50*¹

Year	Wealth	Income	Year	Wealth	Income
1902.....	0.8	(2)	1936.....	1.2	6.1
1912.....	.9	(2)	1940.....	1.1	5.8
1922.....	1.0	5.6	1944.....	.9	2.9
1928.....	1.2	6.2	1948.....	.8	3.0
1932.....	1.6	10.1	1950.....	(3)	3.3

¹ Estimates of wealth from National Bureau of Economic Research, *Studies in Income and Wealth* (New York: 1951), XIV. Estimates of income from Survey of Current Business, "income payments to individuals" and from S. Kuznets, *National Income and Its Composition, 1919-38*, "payments to individuals excluding entrepreneurs' savings" (for 1922 and 1928). (New York: 1941.)

² Estimates for income not available in these years.

³ Estimates for wealth not available in this year.

Estimates of wealth are available only for the United States as a whole. Consequently, they cannot be used to compare trends for different regions. For this purpose individual income tax payments have been substituted. These percentages do not measure the percentage of income paid in property taxes since, insofar as these taxes are paid by business concerns, they have been deducted as a cost before estimating income payments. Except as the proportion of business taxes varies in different areas and periods, however, this offers a fair comparison

of differences in the tax burden. Since variations in the national income from year to year are much larger than variations in the national wealth, the variations in the ratio of property taxes to income are correspondingly greater than those to wealth. The trends, however, are similar.

TABLE 5.—*Property taxes as a percentage of individual income payments for different regions, 1930-50*¹

Region	1930	1935	1940	1945	1950
United States.....	7.1	7.0	5.8	2.9	3.3
New England.....	5.9	7.5	6.4	3.7	4.2
Middle East.....	6.1	7.3	6.2	3.5	3.0
Southeast.....	7.3	5.4	4.3	2.0	2.2
Southwest.....	7.1	7.1	5.5	2.3	2.5
Central.....	7.8	6.9	5.5	3.0	3.4
Northwest.....	9.7	9.8	7.9	3.6	4.4
Far West.....	8.3	6.2	5.2	2.3	3.7

¹ Grouping of States by regions follows that used in the Department of Commerce reports of income payments.

Table 5 indicates that the heaviest property tax burden is found in the Northwest and the lightest in the Southeast. The ratio for 1950 for the Southeast is just half that for the Northwest. There has been a marked decrease in the 20 years given for all regions. Only in New England is the 1950 ratio more than half of that for 1930. In the Southeast it is less than one-third. This region had a ratio above the average in 1930, whereas in 1950 it was only two-thirds of the average.

Per capita tax levies increased from \$42.24 in 1930 to \$47.05 in 1950—11 percent. The per capita increase in the Northwest was 31 percent, but in the far West there was a decrease of 2 percent.

Data for tax levies since 1950 are so incomplete that no attempt has been made to estimate them. The Department of Commerce estimate for all property tax revenues, including special property taxes, shows a 1951 figure approximately 8 percent above that for 1950. This is a smaller increase than that for the national income in this same period. Thus it seems probable that until such time as the national income and wealth decline, general property tax levies will not increase faster than income or wealth; and there are good reasons for believing that, even with a business recession, these ratios will not return to the predepression level in the predictable future.

The first reason for assuming that the predepression level of property taxes in terms of income and wealth will not again be restored is the very great increase in Federal and State assistance, both through direct grants and through the transfer to the broader State jurisdiction of former local government activities. The increase in grants is indicated in tables 2 and 3 above. The reduction in the charges on local budgets resulting from transfer of functions is not readily measured, but local welfare and highway expenditures, for example, would certainly be very much greater if the States had not assumed direct support of a large part of this burden.

A second factor preventing any great increase in local property tax levies is the very substantial decrease in the power of the local authorities to tax property, both through increasingly stringent tax limits and through the exemption of substantial categories of property formerly included in the tax base.

TAX LIMITS

Both constitutional and statutory tax limits have long been in use to prevent excessive local levies. The depression, however, was responsible for a new wave of legislation introducing new limits and tightening up old ones. Most of the older limits applied to State, county, and district levies individually. Limitations on city levies were usually found in city charters and varied with individual cities or classes of cities. In the early 1930's however, a number of States introduced overall limits placing a total on the amount that could be levied on specific properties, regardless of the number and kind of taxing jurisdictions to which the property is subject. These overall limits have proved far more restrictive than most of the older individual limits.

There has been little change in these tax limits in the past decade. A few more have been added, and in several States there has been some relaxation of the restrictions; but most of the recent changes have been of minor importance. Some States have classified counties according to assessed valuation, allowing the counties with the smaller assessment rolls a higher rate than those with the

larger rolls, but while these changes are designed to adapt limits to local needs in some measure, the increases permitted some local authorities are counter-balanced by lower limits for others.

The effect of tax limits cannot be measured directly since tax levies are held in check by a variety of influences. However, the increase in general property tax levies in 12 States with overall limits or comprehensive specific limits was only 16 percent between 1930 and 1950,³ whereas the increase in the other 38 States and the District of Columbia was 42 percent. Also, the per capita levies in the 12 tax-limit States actually decreased a little between 1930 and 1950 (from \$38 to \$37) as compared with an increase in the other States from \$43 to \$50.

CHANGES IN THE TAX BASE

The property tax base has varied greatly in different periods and among the various States. Consequently, generalizations are likely to be misleading. In the following discussion, nevertheless, an attempt is made to trace general trends, with full recognition of the limitations of such a study but in the belief that there are trends of some significance.

The early history of the property tax has been fully recorded in the tax literature, but in order to obtain some perspective on recent changes, a few of the older developments are noted here. The first property taxes in the United States took the form of levies on special types of property. In some instances rates varied with different classes of property. In other cases each class was subject to the same tax rate, but assessed valuations were determined by some arbitrary measure so that in fact certain classes of property were taxed more heavily in proportion to their value than others. These taxes resemble the classified property tax found in several States today. For the most part, however, these arbitrary measures were crude attempts to tax in accordance with actual value rather than to favor some types of property, as does the classified property tax.

At the beginning of the 19th century only three States had general property taxes as the term is usually understood (i. e., a tax on all property not specifically exempted and levied at a uniform rate within any given tax jurisdiction) rather than taxes, often at different rates, on specified classes of property. Ten States, however, included in taxable property certain types of intangibles as well as tangible personalty and real estate; only Delaware, which taxed the income from property, levied no property tax at all.⁴

The shift from taxes on specified classes of property to a general property tax (although always with some specified exemptions) came largely between 1800 and the Civil War. At one period or another all States have employed this tax for both State and local purposes, and in most States it has been the principal source of revenue for both levels of government over considerable periods of time.

In the latter half of the 19th century, however, a tendency to exempt intangibles, whether by law or administrative practice, is apparent. Pennsylvania is generally credited with being the first State to accord special treatment to intangibles, with a series of laws providing for preferential rates for different classes of intangibles.⁵ Connecticut followed before end of the century with its low-rate tax on intangibles. A decline in the percentage of total assessed values represented by tangible and intangible personalty also appears in other States. In New York State, for example, personalty accounted for 25 percent of total assessed values in the middle sixties, 20 percent in the early seventies, and only 12 percent in 1879.

For the United States as a whole the decline in personal property assessments was more gradual. There was a marked decline after the Civil War, from 42 percent in 1860 to 30 percent in 1870, but this was largely due to the freeing of the slaves. In some Southern States before the Civil War taxable personalty, including slaves, had constituted more than half of the total assessment roll. After 1870 the decline was small, wavering between 20 and 25 percent for the latter years of the 19th century and the early part of the 20th century.

A second rapid decline in this ratio occurred in the decade from the middle twenties to the middle thirties. The assessed value of personalty in 1934 had fallen to less than 13 percent of all assessed values. Since that time the proportion has increased, reaching 20 percent in 1950. This is due partly to the fact that the proportion of the national wealth consisting of personal property has increased in recent years,⁶ and partly to the fact that this was a period in which substantial

³ Alabama, Arkansas, Indiana, Kentucky, Michigan, Nevada, New Mexico, Ohio, Oklahoma, Rhode Island, Washington, and West Virginia.

⁴ R. T. Ely, *Taxation in American States and Cities* (New York: 1888), p. 118.

⁵ These followed the adoption of the Constitution of 1873 which permitted such classification.

⁶ Tangible personalty is estimated to comprise 31 percent of the national wealth in 1932 and 40 percent in 1948. (National Bureau of Economic Research, op. cit.)

exemptions were granted by the States for real estate—a movement which started somewhat later than that for the exemption of personal property.

A comparison of the assessed value of taxable property with actual value, as estimated by the National Bureau of Economic Research, is given in table 6. If the property tax were universal and valuations were made at 100 percent, the assessed value figures should exceed the national wealth figures by the amount of intangible property since these intangibles, while included in the typical general property-tax base, are merely claims to tangible wealth and do not appear in the national wealth estimates. In fact, however, assessed values are only a fraction of the national wealth, and they have declined from two-fifths of the actual value of wealth in 1912 to less than one-fourth in 1948.⁷ The only important reversal of this trend is found in 1932, and this exception is explained by a lag in assessments. Assessments were almost as high in 1932 as in 1929 in spite of a reduction of nearly 30 percent in the actual wealth, as estimated by the National Bureau.

TABLE 6.—*Comparison of assessed value of taxable property with national wealth 1902-48*¹

[Dollar figures in billions]

Year	Real estate			Personal property		
	Actual value	Assessed value	Ratio of assessed to actual value	Actual value	Assessed value	Ratio of assessed to actual value
1902-----	² \$70.3	\$27.3	38.8	² \$24.7	\$7.7	31.3
1912-----	112.4	54.5	48.5	44.3	14.1	31.8
1922-----	211.9	97.9	46.2	105.8	25.9	24.5
1928-----	279.7	129.0	46.1	132.8	26.1	19.7
1929-----	283.2	134.7	47.5	135.9	25.9	19.5
1932-----	210.3	131.9	62.7	88.6	21.7	24.5
1936-----	240.7	115.4	47.9	106.6	17.7	16.6
1939-----	255.6	116.5	45.6	118.5	18.5	15.8
1940-----	269.1	116.6	43.3	132.1	18.1	13.7
1944-----	327.3	124.5	38.0	171.8	24.5	14.2
1946-----	401.7	127.4	31.7	222.8	25.5	11.5
1948-----	487.4	148.9	30.5	309.6	33.7	10.9

¹ Data for actual value are estimates of national wealth in National Bureau of Economic Research, *Studies in Income and Wealth*, 1951, XIV, 18-19. The figure for real estate is the sum of estimates for land and structures. Personal property is the sum of equipment, inventories, net foreign assets, and monetary gold and silver. Assessed values have been compiled by the author from Census data and State financial reports. The 1902, 1912, and 1922 figures are basically those in *Wealth, Debt, and Taxation*; those for the remaining years are from State reports supplemented by the Bureau of the Census reports on *Financial Statistics of States*. The public utility property is not usually distributed between these 2 categories in either State or Census reports. Where no information was available as to the nature of this item, it has been arbitrarily distributed, two-thirds to real estate and one-third to personal property. The figures do not include intangibles subject to fixed low-rate taxes since this study is concerned with the base subject to variable local rates. The years listed during the past 20-year period include all of those for which estimates of wealth are given in the National Bureau of Economic Research study. The assessed value figures are those on which the taxes for the fiscal year noted were levied.

² These figures are the average of the 1900 and 1904 Bureau of Economic Research figures. Trends in prices and production suggest that the greater part of the increase in the national wealth in these 4 years may have occurred by 1902, in which case the ratios should be a little lower than those given, but the difference would not be substantial.

The lag is again apparent in the 1936 figures. While the national wealth increased nearly 15 percent in the 4 years 1932 to 1936, assessed values dropped approximately 20 percent. Finally, the marked increase in assessed values in the postwar period has not kept pace with increases in actual values. Although the majority of States now provide for annual revision of assessments, few local authorities make any thoroughgoing annual revision of assessed valuations. Properties that have not changed hands and that have not been subject to substantial improvements tend to remain at the same value for years at a time. This is due partly to lack of adequate staff and partly to political expediency. Property owners do not protest failure to revise assessments downward in periods of depression as vigorously as they protest upward revisions in periods of inflation. Moreover, the majority of assessors—and probably also property owners—are convinced that the value of real estate is fairly stable and that rapid shifts in market prices, however general, should be disregarded as reflecting forced sales at one extreme and inflated values at the other rather than the actual worth of the property.

The tendency for assessed values to lag behind when there are marked changes in the national wealth leads to a narrowing of the gap between assessments and

⁷ Note, however, a substantial increase in the ratio between 1902 and 1912.

actual values in periods of shrinking values and a widening of the gap in inflationary periods. This lag is, therefore, partly responsible for the shrinking percentage of wealth reflected in the assessment figures in the latter part of this period. But it does not explain the difference in trends between the real-estate and personal property ratios. Nor does it explain differences from State to State.

No estimates of actual wealth are available for individual States or regions, but an attempt has been made to determine whether the decline in assessments is general or limited to certain geographic areas by comparing the assessed valuations, of each State for the years 1902, 1929 (the peak year), and 1950. In order to minimize the effect of different rates of population growth or decline, the assessment figures have been divided by State population; and to eliminate the effect of the changing value of the dollar, the per capita figures for 1902 and 1950 have been converted to 1929 purchasing power.

Although assessed values for the United States as a whole rose by one-third between the end of World War II and 1950, the per capita assessed valuation for the entire country was almost the same in 1950 as in 1929. This is in contrast to the period from 1902 to 1929 when per capita assessed values for the entire United States nearly tripled. When these per capita figures are converted to 1929 purchasing power, the 1929 value is still 86 percent above that for 1902, whereas the 1950 value is 37 percent below that for 1929. Figures for individual States are given in table 7.

TABLE 7.—*Per capita assessed valuations in 1929 purchasing power, 1902, 1929, and 1950*¹

State	1902	1929	1950	Percent change, 1929-50
New York.....	\$1,244	\$2,182	\$2,383	+9
Illinois.....	325	1,109	1,622	+46
Montana.....	3,345	2,539	1,604	-37
District of Columbia.....	1,244	3,659	1,599	-56
Rhode Island.....	1,460	1,981	1,402	-29
Connecticut.....	1,133	1,771	1,360	-23
Nebraska.....	267	2,282	1,238	-46
Wyoming.....	668	1,991	1,219	-39
Kansas.....	388	1,959	1,208	-38
Nevada.....	939	2,724	1,182	-57
South Dakota.....	694	2,437	1,161	-52
Ohio.....	752	2,086	1,096	-47
Massachusetts.....	1,731	1,696	1,050	-38
Minnesota.....	680	2,122	1,042	-51
Wisconsin.....	827	1,567	1,020	-35
North Dakota.....	547	1,954	1,004	-49
Maryland.....	790	1,330	976	-27
Michigan.....	917	1,827	935	-49
Iowa.....	416	393	934	+138
Indiana.....	900	1,615	886	-45
Florida.....	290	463	884	+91
New Hampshire.....	796	1,337	851	-36
West Virginia.....	408	1,219	801	-34
California.....	1,317	1,296	801	-38
New Jersey.....	767	1,583	752	-55
Missouri.....	641	1,371	750	-45
Colorado.....	971	1,540	748	-51
Delaware.....	594	1,160	747	-36
Utah.....	646	1,402	744	-47
Kentucky.....	529	783	637	-19
Oregon.....	515	1,197	630	-47
North Carolina.....	282	953	629	-34
Arizona.....	451	1,612	627	-61
Vermont.....	754	766	564	-27
Texas.....	515	695	544	-22
Pennsylvania.....	909	1,119	540	-52
Maine.....	809	936	538	-42
Idaho.....	958	1,097	536	-51
Virginia.....	429	676	522	-23
Louisiana.....	356	849	478	-44
New Mexico.....	285	748	455	-39
Washington.....	660	809	444	-45
Oklahoma.....	123	759	429	-43
Tennessee.....	320	676	377	-44
Alabama.....	254	460	315	-25
Mississippi.....	244	390	265	-32
Georgia.....	335	452	263	-41
Arkansas.....	265	332	207	-38
South Carolina.....	231	246	153	-38
United States total.....	714	1,328	836	-37

¹ Based on the Bureau of Labor Statistics index of wholesale prices.

Considering individual States, the 1950 per capita assessed valuation, in terms of 1929 purchasing power, was lower than in 1929 in all but four States. In New York State alone the year-by-year assessments have more than kept pace with the growing population and inflation. The other three States with higher per capita assessments took drastic action to increase assessment ratios at some point between 1929 and 1950. Iowa increased the legal ratio from 25 percent to 60 percent. Florida and Illinois, with the legal ratio at 100 percent at the beginning of this period, revised assessment procedures to get results approaching 100 percent.⁸ It is interesting to note that the 1950 per capita assessment for New York State is by far the highest of any State, although no personal property is included. The second highest, that for Illinois, which includes intangible and tangible personalty in its assessment roll as well as real estate, is only two-thirds that of New York. There is no such discrepancy in per capita income in these two States and probably no such discrepancy in per capita wealth.

Forty-four States and the District of Columbia had lower per capita assessments, in 1929 dollars, in 1950 than in 1929. And 14 widely scattered States—literally from Maine to California—show lower per capita values in 1950 than in 1902.

The recent inflation in real-estate values is partly responsible for the comparatively low assessed valuations in 1950. The usual lag in valuations in periods of rising values has been greater than normal in the past few years because inflation in real-estate values has been exceptionally rapid. The rise in values in the 1920's was moderate by comparison. This lag has more than offset the gains resulting from marked improvements in assessment techniques, which have tended both to increase the ratio of assessed to full value and to do away with some of the inequalities in assessments. These improvements have been particularly marked in cities, where a large and increasing proportion of property values is found, but improvements in valuation methods in rural areas are also substantial. The use of tax and land value maps has spread rapidly during this period, stimulated by the white-collar work-relief programs of the depression decade. And the use of soil survey maps for purposes of assessment in rural areas has spread as such maps have become available.

Another factor responsible for the failure of assessed valuations to keep pace with increases in the national wealth is the decline in the legal tax base. There has been a gradual disintegration of the tax until, in some States, it resembles the property taxes of the 18th century more closely than the general property tax of the 19th century. A study of legislation during this period reveals a substantial and growing list of legal exemptions. The movement to exempt personal property preceded the movement to exempt important categories of real estate. This explains the fact that the ratio of assessed to full value of personalty declined earlier than that for real estate. In some States the decline in real-estate assessments can be attributed to exemptions as much as to the typical lag in revising assessments. These exemptions will be discussed in a later article.

CONCLUSIONS

Recent increases in general property tax levies have brought the total well above the 1930 peak. The average per capita levy, however, has increased very little; and in terms of 1930 purchasing power the 1950 levies are much smaller than those of 1930. A few large cities have been successful in offsetting this failure of property taxes to grow with local needs by the development of other independent taxes, but most local governments have become increasingly dependent on State and Federal aid.

Tax discussions of the 1920's and early 1930's bristled with protests that the tax burden on property was excessive, and they recommended not only that taxes as a whole be reduced, but also that the proportion of revenue from other sources be increased. The reports of the National Tax Association Committee on a plan of a model system of State and local taxation recommended a triple base—property, income, and business transactions.⁹ And while no commitment was made as to the suitable proportions of revenue to be obtained from these three bases, there appears to be the implication that, taking the total Federal, State, and local tax system into account, no one base should bear an appreciably larger

⁸ The assessed valuation of Iowa for 1932 levies was more than three times that for 1931. The assessment for Florida (where by common agreement assessors had set a goal of 50 percent) was increased between 3 and 4 times for the 1942 levies, as compared with 1941. The valuation for Illinois for 1944 was nearly double that for 1943, and this State's valuation was more than doubled between 1946 and 1947. This increase, as in the case of Florida, was the result of State action.

⁹ National Tax Association Proceedings, Report of the Committee on a Plan of a Model System of State and Local Taxation, 1919 and 1933.

share of the total taxes than the others. At least it is made clear that each should bear a substantial proportion of the total. Other criteria set as a goal for the State and local tax system a burden on real estate not to exceed 50 percent of total tax levies.

Those who set these goals should be content with the record of the past 20 years. While the proportions of different taxes vary with business conditions as well as with the nature of the tax system, it is clear from the percentages given in table 8 that the demands of the earlier criteria have been more than met. Property taxes as a whole, including general and special property taxes and death taxes, declined from 51 percent of all taxes in 1930 to 14 percent in 1950. And taxes on real estate declined in the same period from 64 percent of all State and local tax revenues to 34 percent.

TABLE 8.—*Percentage of total taxes from property taxes*

Year	Federal, State, and local		State and local	
	Property	Other	Real estate ¹	Other
1930.....	51	49	64	36
1932.....	59	41	65	35
1942.....	20	80	37	63
1950.....	14	86	34	66

¹ Estimated on the assumption that the percentage of the property tax levied on real estate is the same as the percentage of the assessment roll represented by real estate.

It is impossible to compare tax rates on full value of taxable property for these years because of the inadequacy of available data. It is possible, however, to compare rates on the potential property tax base, assuming this to be the total of national wealth. Between 1932 and 1948 the ratio of total general property tax revenues to the national wealth was cut in half; and the 1948 ratio was only two-thirds of that for the earlier period of prosperity—1928 and 1929. The earlier demands for tax relief to property owners would appear to have been granted.

Investigation of the trends in more detail reveals the fact, however, that relief has been uneven. Taxes have increased more slowly in States with stringent tax limits than in those without, and there are regional trends which do not appear to be accounted for by specific legislation. Between 1930 and 1950 per capita taxes increased nearly one-third in the Northwest and decreased slightly in the Far West. Using the ratio of taxes to income as a test, the reduction in the New England States between 1930 and 1950 was less than one-third, whereas in the Southeast it was more than two-thirds. Also, the growing list of exemptions has reduced or eliminated the tax burdens of many individuals, while their neighbors have obtained little or no reduction.

There is considerable evidence that assessment methods have improved in recent years, and inequalities in assessment appear to have been reduced, although are still very great. However, the growing list of exemptions has made serious inroads on the tax base and concentrated the burden on property owners not benefited by tax concessions.

The average tax rate on assessed value was higher in 1950 than in 1930, but assessed values have not kept pace with wealth. The usual lag in assessments behind market values has been accentuated by the fact that the rise in real estate values has been much sharper in recent years than in the prosperous years of the late 1920's.

Continuing complaints that property taxes are unduly heavy can be attributed in some measure to force of long habit, but in some instances they are due to inequalities in assessment that still prevail. And in some instances they are due to the growing exemptions that pyramid the tax levies on an ever narrowing base.

Complaints of excessive taxes are not due to any overall increase in the tax burden in terms of the potential base. In fact, the recent lag in assessments should provide a substantial margin in many areas for increased levies even without restoring exempt property to the tax rolls. Any such increases will, however, make further improvements in assessment performance of even greater urgency, and if the local authorities of many States are to obtain substantial further revenues from the property tax, it will be important also to reconsider policies of property tax exemption.

Mr. OSMERS. Probably the statement made would be true on a national basis. It would not be true in my own State. Many other States have instituted additional forms of taxation which have had the effect of keeping the property tax rather level while in New Jersey we have not, and consequently our property tax has approximately doubled in the last 10 or 12 years.

Mr. DEMING. Yes; only last evening I was considering Miss New-comer's statement and as in your case, I could only think in cases of particular municipalities and it occurred to me on a national level that might be so but there might be a number of local examples that would certainly be not quite in line with her national statement.

Mr. OSMERS. I have no further questions at this point.

Mrs. HARDEN. Mr. Brooks?

Mr. BROOKS. I might ask you, Mr. Deming, a question with reference to your statement about the Federal defense installations which do not pay any taxes. I wonder if you have available and have you had compiled some statistics with regard to the payments in lieu of taxes made by many Government defense agencies?

Mr. DEMING. I do not have that information here this morning.

Mr. BROOKS. Have you considered that and have you gone into it and do you know that such things are done? It was not mentioned in your discussion.

Mr. DEMING. Oh, yes. We are aware that some Federal activities do make payments in lieu of taxes. However, I think it is the case that there is no consistency in the pattern of pay in lieu.

Mr. BROOKS. Are you also familiar with the fact that Federal holdings, like the national forests, of which there are some in my district, pay 25 percent of their gross revenues to the counties? They pay no taxes but that amounts to more than the taxes paid in some cases by similar properties privately owned.

Mr. DEMING. Yes, I am aware of that national forest program.

Mr. BROOKS. I am wondering if we tax all the Government plants on all real and personal property, and thereby increase the cost to the Federal Government by way of these taxes, would you not increase substantially the cost of your national defense?

Mr. DEMING. We are prepared to say yes to that question federally, but we are also prepared to say that the cost would be evened out across the entire tax base of the Nation rather than coming to rest in this particular community that happens to be a center of defense industry.

We are not at all convinced that the total cost to the Nation in its total paying ability would be any greater. We simply say that it would be leveled out across the Nation.

Mr. BROOKS. Do you think if they paid another one-half billion dollars in taxes that it would be leveled out across the Nation and you would collect it throughout the Nation and the Federal Government would pay it out in increased costs to its communities from which it collects these taxes?

Mr. DEMING. Yes.

Mr. BROOKS. I thought we were trying to eliminate that to some extent. I wonder if in your study of the tax problem of the municipalities, counties, and other political subdivisions if your organization had ever considered the practical aspects of the matter, a recommendation along the line of an evaluation study by an evaluation

engineer with a study to equalize the tax burden borne by the small-home owner, along with the major property holders and industrial plants.

Mr. DEMING. I am not sure that we have taken a strong organizational stand on this. On the other hand, I am sure that the question of equalization of the tax burden as among the several types of tax owners is one of the problems that has occupied the attention of probably not only the majority of the Nation's municipalities but also of the State regulating agencies which have to do with local taxation.

There is one fact here, however, in terms of property tax that cannot be wholly avoided, and that is that in the Nation over; probably industry does pay more property tax than does realty in terms of homes and that sort of thing.

Mr. BROOKS. And relatively owns more to tax.

Mr. DEMING. Pays more in taxes, not in terms of heavier rates but in terms of concentration of value of property.

A point I would like to bring up in that connection is a study of a city in Wisconsin and I cannot recall at the moment which city it was but they surveyed the tax question there I think a year ago and came up with the conclusion that some 60 percent of the returns from the property tax in that municipality was coming from property tax paid by industrial property.

Mr. BROOKS. The total amount is not what we are concerned with, but I was discussing the equality of it. If the industry owned 60 percent, in point of value of property in the municipality, then naturally they would be expected to pay 60 percent of the tax. Primarily that is not a Federal problem of course but I was wondering if your organization had discussed it because it certainly seems to be a very fertile field for work.

Next I wanted to commend my colleagues on this committee, not just Mr. Pilcher but Mr. Meader and Mr. Osmer. I enjoyed very much their comments and particularly appreciated Mr. Osmer's position and I had an opportunity to glance at Mr. Halleck's prepared statement where he pointed out, and I will quote:

Recent years have marked a growing awareness of the problem presented by the jungle of overlapping authorities, tangled jurisdictions, and wasteful duplications which have developed in the past two decades.

We have mentioned one and I picked that particular sentence. Then Mr. Halleck goes on to say:

Only those who advocate the totalitarian form of government would advocate the outright abolition of the States. No one in public life would dare openly to take such a position. But there are, in and out of government, persistent advocates of any number of specific proposals for the further extension of Federal activities and controls, which rob the States of their essential powers.

Then he goes on following that:

But the inevitable end result of the process is the creation of a huge Federal bureaucracy, totalitarian in effect if not in form, with the loss of individual rights and liberties. The inevitable end result of the centralization process is a government by men, by propaganda, a government arbitrary, wasteful, and extravagant.

I agree with Mr. Halleck and have an absolute abhorrence of such things and I think that the creation of this Commission would do just exactly that. It would be encouraging the duplication, and wasteful overlapping. It is not going to do as much as this committee is already empowered to do and I feel that Mr. Meader's observation

reflects clearly that this Commission will have less power than this committee because this committee's powers, as he read them to you out of our rules, would certainly embrace all of the subjects proposed to be covered by this Commission and I am wondering if you do not agree that our committee could do the job just as well without duplication, waste, the creation of another bureaucracy, another commission and another bunch of experts.

Mr. DEMING. I would again repeat my feeling that a broad-based commission would be extremely worth while, and I would also come back to Mr. Meader's conclusion that the Congress is not as apt to provide this committee with the funds for that sort of work as it will a commission. That if funds of the same order could be provided, then likely within the frame of reference of this committee a similar type of work could be done.

On the other hand, I cannot help being persuaded by the practical view that funds are a factor in the amount of work that can be done, whether by this Commission or by the committee itself.

Mr. BROOKS. Funds would, of course, be a factor but don't you think that the position of your organization might have been in the interest of saving both time and money and lessening of duplication and waste by having them advocate that this committee continue its present study and do the job that it has been set out to do.

In other words I feel why doesn't your organization encourage the committee and encourage Congress, write all the Congressmen and through your usual mediums of information, get them to appropriate sufficient money to do this job. Surely if they won't do it then you have a problem, but the elected officials of this Government are the ones who are most sensitive to public opinion and I think they are less likely to do anything wrong and more likely to understand the problems of our home counties and States and school districts and water districts. I cannot conceive of this body, of those whom you represent, the municipal groups, encouraging duplication and waste just because you think you can spend more money easier with a new commission. That is what I do not understand.

What is your personal opinion about that, the board of directors, the people you associate with?

Mr. DEMING. Well, at the cost of repetition, I would have to say again that the organization has favored the creation of a commission of this sort year by year in its resolutions over the past 5 years.

Mr. BROOKS. You are still with them. One more question and I will not trouble you any longer. In the event that they are definitely going to set up such a commission or can do so, don't you feel that in the interest of results, that is legislation, rather than reports, such a commission would be better organized and would do a better job if it were more bipartisan in nature, particularly in view of the fact that no particular political party has a leaschold on the Congress, the House or the Senate.

Mr. DEMING. I am sure that we would be agreeable with a commission that was bipartisan in nature. I am not sure just how to spell that out. My offhand guess is that once the Commission is appointed and the tally taken, it may very well prove to be bipartisan.

Mr. BROOKS. You have more knowledge of the way these things develop but we have more scars. I have no further questions.

Mrs. HARDEN. Mr. Pilcher.

Mr. PILCHER. I want to say one word and I want to concur with Congressman Osmer over there. There is a large percent of this Congress that is elected that has served as councilmen, mayors, served on the board of education, in the State legislature, the State senate, and most of us have some of these different plants in our towns. I believe we boys can sit down and talk to our mayors and the chairmen of our board of commissioners and get more facts than that Commission or any commission you can set up. There are certain things that are not right that need correcting, but why haven't we got the guts to get up and pass a bill and give relief if it is necessary. If it is wrong, next year they will be up here. We can change it and we are certainly going to look after our constituents back home. And when we say that we haven't got enough sense to investigate conditions in our own section and we have got to name a commission, we had better let the Commission run Congress and go back to plowing and running fertilizer plants.

I have got a military base and 3 or 4 airfields out there. But if it is wrong we have got lawyers, I think, on this committee who can draft a bill and change things and if it is wrong next year we will change it back, but we are going to set up a commission here and then about next April or May we are all going to get started in another political race and then the Commission will not report back until 1955 and we don't know who is going to be here then, and it will be just another big expense on the Government and another commission, and for my part I am not voting for any commission or bureau. I am against it.

Mrs. HARDEN. Do you have any questions, Mr. Ward?

Mr. WARD. No questions at this point.

Mrs. HARDEN. Mr. Meader?

Mr. MEADER. One more question occurred to me relating to a technical matter. I notice that the staff of the Commission is to be governed by the civil-service and classification laws. I see on H. R. 4406, Mr. Halleck's bill, on page 5, section 5 (d) it says: "The Commission may appoint and fix the composition of such employees as it deems advisable in accordance with the provisions of the civil-service laws and the classification laws."

This Commission is required to act promptly. It must file its final report by March 1, 1954. Prior to that time it must file reports upon the request of the President or the determination of the Commission. Wouldn't civil-service and classification laws hamper them in acquiring a staff rapidly?

Mr. DEMING. My understanding is, and Mr. Ward can correct me if I am wrong, that this is a general provision that occurs in measures of this sort. I notice under subparagraph (e), or rather Mr. Ward calls my attention to it, the provision was that—

The Commission may procure, without regard to the civil-service laws and the classification laws, temporary and intermittent services to the same extent as is authorized for the departments * * *.

Mr. MEADER. I want to make an observation on that point. I know the Hoover Commission had this same provision, namely, that the civil-service and classification laws must be observed in the appointment of the staff. I presume the other section you just quoted relates to this so-called task-force technique. I would like to enter a

general statement here that I have some misgivings about the task-force technique. I would rather see the staff people under the direct control of the Commission.- I also would like to see the Commission operate through public hearings giving an opportunity for presenting their views to those who want to be heard and who have something to contribute. I believe it is unnecessary to require the Commission to follow civil-service laws in acquiring a staff which, of necessity, must have only temporary employment. I think they should have full freedom to employ the people who are the best and most capable they can employ without being bound by the redtape of civil-service procedures. Do you feel it is important to have the staff of the Commission acquired under civil-service procedures?

Mr. DEMING. I am afraid that my knowledge of civil-service procedure is not sharp enough to offer a very intelligent observation on that particular point. Certainly I would agree that if this Commission is created and it is to do its work within the space of 1 year, then the staff which is to do the work is going to have to be acquired with some dispatch. At best at this point the Commission has about 9 months in which to do its work and if substantial numbers of even the lesser employees were to be bogged down by a slow recruitment process, then undoubtedly the work would be held up considerably.

Mr. MEADER. Technically, if civil-service laws and procedures are to be followed you have first to create the positions, make job descriptions for them, and then you have to hold examinations properly advertised, inviting everyone who is interested and affording an equal opportunity to appear and take the examination. It seems to me that by the time you are through doing that your 9 months are pretty much gone by if you do it properly. If you do not follow merit principles then civil service is merely a sham.

Mr. DEMING. Just for a point of information, Mr. Ward, you worked with the Hoover Commission and I wonder if this provision is designed as much as anything else to protect those persons already in the civil service who may find themselves employed for a time with a commission of this sort.

Mr. WARD. I believe the point involved in section (d) is that "such employees," does not mean all employees are to come from civil service. And a great many of the people they get may be transferred on a reimbursable basis from another agency and paid while they are on this temporary assignment. It is difficult to hire the kind of people needed for a short job like this, whereas ordinarily some people can be brought in on a reimbursable basis.

The other provision was put in in section (e) that they can hire experts and consultants and various firms of experts without regard to civil service.

That is section 15 of Public Law 600 gives that authority. I might say, however, Congressman Meader, that ex-President Hoover raised the same point you did as to the hiring of these people, and the subcommittee may want to consider changing that language.

Mrs. HARDEN. Were you finished, Mr. Ward?

Mr. WARD. Yes.

Mrs. HARDEN. Could you state briefly what is the position of the American Municipal Association as to the Brown-Ferguson bill, S. 106 and H. R. 992 on a commission for reorganization?

Mr. DEMING. I am not sure that our organization has a stated position on this particular measure, and anything that I might say is a statement more as an individual than as a representative of the organization, although I do not think that the organization would probably write off as not their position what I might say.

Our feeling on S. 106, the Brown-Ferguson proposal, is that we would hope that if the Brown-Ferguson commission were created and that the commission anticipated by the Halleck measure were created, that the work of the two could be coordinated. Certainly we cannot see that any good purpose would be served by a duplication of functions as between those two commissions, and we would also hope that the commission's work might be mutually complementary. We are of the opinion, I think, that the Federal establishment has many points of contact with the State and local governments and we cannot quite see how the Brown-Ferguson commission could work without coming into contact with those functional points at one place and another.

For example, in the Coast Guard, in the carrying out of its functions with regard to yards and docks, it comes into contact with the municipal government rather frequently in the inspection of municipal ports and that sort of thing. It is a functional area in which it would be pretty difficult to divorce itself completely from the area of inter-governmental relations.

So we would hope that these two commissions, if both were created, would be mutually complementary. On the other hand, we do feel that possibly the best interests would be served if subparagraph 6 of section 1 of S. 106 were perhaps left to the commission which is anticipated by the Taft-Halleck proposal. Also subparagraph (5) which eliminates nonessential services, functions, and activities which are competitive with private enterprise and subparagraph (6) which defines the responsibilities of the officials, which is rather specifically the framework of the Taft-Halleck proposal.

Mrs. HARDEN. Was that done in the bill that passed the Senate?

Mr. DEMING. You mean S. 1514 or S. 106?

Mrs. HARDEN. S. 106.

Mr. DEMING. I am sorry, I cannot answer that question. Mr. Ward called my attention to the fact that that was left out in the bill that passed the Senate. That being the case, that is in line then with our suggestion here that that particular part be left out. Does that answer your question?

Mr. HARDEN. Yes. Thank you, Mr. Deming, for coming and for the splendid manner in which you expressed your own views and those of the organization which you represent.

Mr. MEADER. Could I ask one more question, Madam Chairman?

Mrs. HARDEN. Yes, certainly.

Mr. MEADER. Did I understand that the bill introduced by Senator Humphrey, S. 788, covers the practice of transferring personal property in industrial use to the Federal Government to avoid local personal property taxation?

Mr. DEMING. S. 788 as it is now written does not cover this question of local taxation. S. 788, as I remember it, treats of personalty, restricts personalty to machines which are attached to a foundation or base or something of that sort, while in many of our States that type of machinery would not be classed as personalty at all. It would be classed as real property.

S. 788 as it is now written does not take into consideration the question of the personalty in the form of raw materials, or goods in process of manufacture, and that sort of thing. Their definition of personalty is a fairly restrictive one and to that extent does not anticipate this whole problem that we speak of.

Mr. OSMERS. If I might interrupt, I would like to say that there is a bill in preparation that I believe will be a considerable improvement over S. 788 that will cover both the phases of personal and real property, I believe.

Mr. MEADER. Mr. Deming, has your organization drafted any suggested legislation to cover local taxation of real estate, title to which has been transferred from a Government corporation to the Federal Government itself, or the transfer to the Government of title to personal property that ought to be taxable in the hands of contractors manufacturing defense items?

Mr. DEMING. We have not drafted any formal legislation. We have outlined a few ideas we have with regard to S. 788. I do not have a copy of that with me, but, certainly, we can provide you with copy of that. We could provide you with a copy of those ideas. We have not attempted to formalize it in statutory language.

(The information requested is as follows:)

Following are my comments on S. 788 (Humphrey) a bill establishing a general policy and procedures with respect to payments to State and local governments on account of Federal real property and tangible personal property, and for other purposes.

Reference: Section 3 (e): The definition of "Federal tangible personal property" is unduly restrictive. As the definition is now written, relief could not be provided under this bill for municipalities with industries enjoying Federal defense contracts which allow small tools goods in process of manufacture, stockpiles, and the like, incidental to such defense contract to be exempt from local taxation.

Reference: Section 101 (b): We have serious reservations concerning the determination of the amount of payment by the owning agency. Evidence indicates that greater equity would be assured if joint determination of value by the owning and taxing agency could be provided. This provision would not be out of line with informal practice currently carried out by local taxing units and major industrial plants.

Reference: Section 101 (b) (7): The bill does not establish what authority shall determine that the level of local governmental services is adequate. Would the Federal owning agency determine such adequacy, or would commonly accepted standards apply? Does this section imply an eventual Federal supervision of local functions insofar as standards, particularly maximum standards, are concerned?

Reference: Appeal provisions: The bill as drafted provides no appeal from the initial determination by the owning agency. We feel that this is a serious omission. As a minimum, we would suggest appeal to the Court of Claims as an appropriate safeguard against capricious action.

I hope these few remarks will be helpful. If formal hearings on S. 788, or similar legislation, are held, we would like to appear.

GEORGE H. DEMING.

Mrs. HARDEN. Is that all?

Mr. MEADER. Yes. Thank you.

Mrs. HARDEN. Senator Taft had an appointment at the White House and plans to appear later.

Senator Hendrickson had planned to come before but had a conference.

Mr. Halleck will be here on Thursday.

At this point I should like to insert in the record a letter from Hon. Herbert Hoover.

(Letter from Herbert Hoover is as follows:)

NEW YORK 22, N. Y., May 8, 1953.

The Honorable CECIL M. HARDEN,
*Chairman, Intergovernmental Relations Subcommittee of the
 Committee on Government Operations, Washington, D. C.*

MY DEAR MRS. HARDEN: I have your letter requesting my views upon proposals for the establishment of certain commissions to report upon various phases of Government reorganization.

As you know, there are two different commissions proposed for two different purposes. One is now entitled a "Bill to Establish a Commission for Intergovernmental Relations," H. R. 4406, S. 1514, introduced by Senator Taft and Congressman Halleck and which were identical when introduced.

The other proposed Commission for quite different purposes is the Ferguson-Brown bill, S. 106, H. R. 992, entitled "A Commission on Reorganization of the Executive Branch of the Government." I mention this in order that the two proposals should not be confused.

In this letter I am dealing with your inquiry as to the proposal for the Commission on Governmental Relations, that is H. R. 4406-S. 1514.

S. 1514 has been amended and reported out by the Senate committee on May 4.

In my opinion, H. R. 4406 provides a possible method of finding the answers to two problems inherent in our Federal system: How State and local responsibilities can be reestablished. And, at the same time, how shall the Federal Government provide the services which people increasingly demand?

The amendments adopted in committee to S. 1514, the companion bill in the Senate, seem to me to be improvements which should also be adopted by the House. They include:

The change of name in the interest of clarification;

A desirable broadening of the Commission's powers in section 3 (a); and
 Specific mention of the present acute problem of intergovernmental tax immunities.

No doubt your committee will have further suggestions in view of the large number of bills on this subject pending in the House.

While the proposed membership of 25 seems unwieldy, it is probably desirable in order to obtain adequate representation of State and local officials. The power of the President to appoint members without being limited by political party considerations is advisable.

The Commission on Organization of the Executive Branch of the Government made five recommendations in this field.

Recommendation No. 1 to determine which functions and activities of government can be most advantageously operated by the various levels of government, and which require joint policy making, financing, and administration, is covered by section 3 (a) of the amended Senate bill.

Recommendation No. 2 to leave to the States adequate resources from which to raise revenue to meet the responsibilities of local and State governments is covered by paragraph 3 (b) of the amended Senate bill.

Recommendation No. 3 that all grants-in-aid which are given to State governments directly be budgeted and administered on the Federal and State levels as are other Federal and State funds is not specifically covered but could be considered under the language of paragraph 3 (b) of the amended Senate bill. This is also the case as to recommendation No. 4 as to the systematization of grants-in-aid plans and programs.

Recommendation No. 5 was that the proposed Commission be a continuing agency. As to this, a decision can well be made after the Commission has submitted its report.

I have two further comments. The Commission on Organization of the Executive Branch of 1947 found it desirable to have the power to choose its staff without regard to the civil-service laws. Also we found it useful in several instances to engage management engineering firms. You might wish to consider adding these two provisos.

As to the Ferguson-Brown bill on reorganization of the executive branch of the Government, that is, S. 106-H. R. 992, I received a request from Chairman Hoffman to give my views upon it. Having already sent such a report to the Senate committee I am sending you herewith a copy.

Yours faithfully

HERBERT HOOVER.

(A telegram from Hon. Herbert Hoover to Senator Joseph McCarthy follows:)

[Telegram (Fast Day letter)]

NEW YORK CITY, April 13, 1953.

HON. JOSEPH McCARTHY,
United States Senate, Washington, D. C.

MY DEAR SENATOR: I have your telegram requesting my opinion and suggestions upon bill S. 1514 introduced by Senator Robert Taft, and bill S. 106 introduced by Senator Homer Ferguson and Congressman Clarence Brown. Both bills relate to further investigation looking to reorganization for economy and efficiency in the Federal administration. Both bills are of great importance.

Senator Taft's bill provides for an investigation of Federal and State relations as to taxes and other important subjects.

The Ferguson-Brown bill looks to the reestablishment of such a commission on organization of the executive branch of the Government as that over which I presided from 1947 to 1950 with powers to investigate and recommend policies as well as administrative methods. That former Commission was unable to report on policy questions.

A third phase of the reforms in Federal administration before your committee are the several "plans" being laid before the Congress by President Eisenhower. These "plans" are along the lines of the recommendations made by the Commission on Organization of the Executive Branch of the Government which have not been hitherto enacted.

There is, therefore, some overlapping in these bills and "plans" which, it seems to me, should be planed out by the committee.

There are three vitally important areas which have never been adequately investigated and cannot be investigated except by adequate authority from the Congress and in which adequate technical assistance is provided. They badly need exhaustive consideration by commissions in which the Congress and the administration and public members are represented. These areas are:

1. An investigation as to Federal-State relations as provided by Senator Taft's bill (S. 1514).
2. An investigation of the Federal business enterprises in competitive with private enterprises; and
3. An investigation of all forms of Federal aid to the aged with recommendations designed to make them more just and effective; to save waste; to simplify their operation, and to avoid administrative duplications with the States.

The Ferguson-Brown bill (S. 106 and H. R. 992) covers the last two areas.

In order to avoid overlap with the President's "plans" and the Taft bill proposals, I suggest that the Ferguson-Brown bill be especially directed to the Federal business enterprises and the aid for the aged. There might be some provision for subjects later indicated by the Congress or the President.

I believe the Taft bill and the Ferguson-Brown bill (thus modified) should both be enacted. The Taft Commission should be kept separate from the Ferguson-Brown Commission as they involve a membership and technology which should not be confused.

HERBERT HOOVER.

Mrs. HARDEN. We have present Mr. Francis V. Keesling, Jr., who is representing the mayor of San Francisco. Mr. Keesling would like to make a brief statement if you gentlemen of the committee do not object.

STATEMENT OF FRANCIS V. KEESLING, JR., REPRESENTING THE MAYOR OF SAN FRANCISCO, CALIF.

Mr. KEESLING. I can be very brief. Madam Chairman, I want to compliment the committee for the very astute questioning that went on.

We in San Francisco have felt that there should be an intergovernmental relations commission of some sort set up and therefore we have been in favor of S. 1514. However, some of the questioning that has occurred here this morning which I listened to with a great deal of

interest makes me raise the point that obviously it doesn't make any difference who does the work provided the right results are obtained.

My thinking has been that perhaps a commission such as provided by S. 1514 might be helpful to your committee rather than being a duplication, if it were properly set up and worked out properly. It might even be that your committee would want, by way of legislation or by way of your report, to indicate certain subjects which you would want the Commission to give prior attention to and report back sooner than 1954 or 1955.

On the other hand, it occurred to me that the Commission certainly should have full powers to go into anything in this whole field, and in that regard certainly subpoena powers and certainly the powers to go into the tax angle, but I hastily say that we would prefer not to give it the power to go into the matter of removing the exemption of municipal bonds from Federal taxation. In that respect we agree with the United States Conference of Mayors, and I see that Harry Betters is here representing them. They have been quite properly concerned over that phase of it.

I believe that Senator Taft and some members of this committee have been quite properly concerned about not proceeding with certain phases of the subject of payment in lieu of taxes soon enough. There is no reason why this committee should not go right into that subject in connection with the bill that was mentioned by Mr. Osmers. San Francisco, for a number of years, has been urging that proper study and action be taken as soon as possible on that subject. It is very heartening to hear the comments of the members of this committee this morning on that, and I certainly would recommend that this committee, without regard to any broad authority given to the Commission under S. 1514, immediately consider the subject not only on this particular phase of payment in lieu of taxes but also the overall phase of it. That subject has been gone into in great detail by all organizations, and whatever additional information is necessary I believe that this committee could go into and obtain.

By the same token I do not believe you should limit the authority of the Commission to prevent it from covering those fields which are not in the meanwhile covered by legislation. I do not believe that by giving this Commission broad authority that would in any way preclude your committee from going into any subject it desired and I certainly would urge that it do so and, as it proceeds, have this Commission working for your committee on a properly integrated basis.

Again may I say that we recommend that you do take immediate action on not only setting up the Commission but also on these other subjects that should and can be the subject of immediate legislation. I just want to say that I appreciate this opportunity of being here and appearing before you.

Mrs. HARDEN. Do you have any question, Mr. Meader?

Mr. MEADER. Well, I would like to thank Mr. Keesling for that statement, particularly his observation that the city of San Francisco might well reconsider its position in the light of the committee's discussion this morning. I would like to say that, much as I join with my colleagues in principle, this may be a condition that we face and not a theory and I recognize the practical realities of the management of the House of Representatives and have no confidence that the House

Administration Committee will give this committee anything like \$1 million to conduct that study while they are perfectly willing to give that amount to any independent commission, and I cannot for the life of me explain the reluctance of Congress, to explain my own views, because I still contend that the facts need to be nearest where the decision is made.

Mr. KEESLING. I want to make it very clear that San Francisco favors the enactment of S. 1514 and the setting up of the Commission because we cannot help but agree with the previous comments here today and your last comment that while we have no objection to any means of accomplishing this, whether it be the Commission or the congressional committee or what, we believe from the practical standpoint, particularly in the light of past situations that the funds have not been made available so that you can have all the necessary funds to go into this subject. Also, I understand this committee has some terrifically important functions in a vast number of subjects, including reorganization of the Government and all that, and it has been my belief that the Commission under S. 1514 could cover a number of the details which perhaps you people would not necessarily want to spend all your time on. That has been our thought about it, so we definitely feel that the Commission should be set up, but we feel that there are some subjects which this committee can start legislation on immediately, such as the payment in lieu of taxes.

Mr. MEADER. I think the record should show that there may be some doubt about our committee's jurisdiction to report out legislation authorizing States and municipalities to tax Federal property. That legislation might, by the speaker, be referred to some other committee.

Mrs. HARDEN. Do you have any questions, Mr. Osmer's?

Mr. OSMERS. No. I think Mr. Keesling made a fine statement.

Mrs. HARDEN. Mr. Ward, do you have a question?

Mr. WARD. I would like to ask this: The subcommittee has had a good deal of correspondence from commercial operators in the San Francisco area complaining about the Government participating in commercial-type activities. Has that come to your attention?

Mr. KEESLING. Just generally, but I will be happy to check into it further.

Mr. WARD. The tugboat operations of the Navy and the coffee-making and the manufacture of paint—

What impact do they have on the local tax structure?

Mr. KEESLING. We believe it has not only an impact on the tax structure but that whatever can be properly done by private industry in the area should be done. We do believe that there are instances where perhaps some of the Government functions and facilities are in direct competition with private industry, but I do not have the details on it. If you desire me to do so, I will submit a statement after I have acquired more information, which I believe can be readily made available, and I would like to have the opportunity of discussing it with this committee or, in the interim, with Mr. Ward if the committee so desires.

Mr. WARD. The subcommittee will have hearings on the subject shortly, within the next few weeks, and we would appreciate your statement.

Mrs. HARDEN. Yes, we would be very glad to have it. Do you have a prepared statement for the record this morning?

Mr. KEESLING. No, I came here as an observer, but in view of what I had heard I took the opportunity of making a few comments which might clarify the situation in view of listening from the side to the discussion and questions.

Mrs. HARDEN. We appreciate your coming. Thank you.

Referring to your comments, Mr. Meader, with reference to the employment of civil-service personnel, I would like to read to you one paragraph from Mr. Herbert Hoover's letter on that very subject.

He said:

I have two further comments. The Commission on Organization of the Executive Branch of 1947 found it desirable to have the power to choose its staff without regard to the civil-service laws. Also, we found it useful in several instances to engage management engineering firms. You might wish to consider adding these two provisos.

Are there any further questions or does anyone have anything to add?

If not, the subcommittee will recess until 10 o'clock tomorrow morning in this room, 1501 New House Office Building.

(Whereupon, at 12:09 p. m., the hearing was recessed until 10 a. m. Wednesday, May 13, 1953).

COMMISSION ON INTERGOVERNMENTAL RELATIONS AND COMMISSION ON ORGANIZATION OF THE EXECUTIVE BRANCH OF THE GOVERNMENT

WEDNESDAY, MAY 13, 1953

HOUSE OF REPRESENTATIVES,
INTERGOVERNMENTAL RELATIONS SUBCOMMITTEE
OF THE COMMITTEE ON GOVERNMENT OPERATIONS,
Washington, D. C.

The subcommittee met, pursuant to call, at 10:00 o'clock, a. m., in room 1501, New House Office Building, Hon. Cecil M. Harden, chairman of the subcommittee, presiding.

Present: Mrs. Cecil M. Harden, chairman of the subcommittee, George Meader, Frank C. Osmer, Jr., Jack B. Brooks, and J. L. Pilcher.

Also present: Ray Ward, staff director, L. T. Mahurin, staff member, and Jane E. Morgan, clerk.

Mrs. CECIL M. HARDEN (chairman of the subcommittee). The meeting will come to order and the clerk will call the roll.

The clerk called the roll and the following members answered to their names: Mrs. Harden, Mr. Osmer, Mr. Brooks, Mr. Pilcher.

Mrs. HARDEN. We are honored to have here with us this morning my esteemed colleague from Indiana, the majority leader of the House, Congressman Charles Halleck, the author of the bill H. R. 4406, which we have under discussion.

Congressman Halleck, will you please proceed.

STATEMENT OF HON. CHARLES A. HALLECK, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF INDIANA

Mr. HALLECK. Thanks, Mrs. Harden, for recognizing me. I am sorry I wasn't here yesterday morning. I had presented a statement which I see you put in the record. We were delayed in our conference at the White House longer than I thought we would be, and hence it was impossible for me to be present.

I did think it advisable, however, to get here this morning, to supplement some of the things that I had in the statement yesterday, and also to respond to some suggestions or questions that were raised during the course of the hearing.

I might say, parenthetically, that while I have been in Congress 19 years, I think this is the second public proposal that I have ever introduced, and if it comes to passage, as I am sure it will, it will be the second one which I ever got through. I had a bill once to increase the number of the directors out at St. Albans from 15 to 30, when my son was in school out there, so I say this is quite an experience for me to have my name on this bill.

However, as you understand, the bill was introduced in the Senate by Senator Taft, and by me in the House, and I think primarily we wanted it understood that this is a very important matter as far as we are concerned, as far as the administration is concerned, and we want to give it every possible consideration that we can.

Now, I know there are a number of witnesses who want to appear, and I am not going to unduly delay the proceedings. I might suggest, however, that the Commission is expected to make its report by March 1, 1954, which is something less than a year away, and so I think there is a reasonable urgency for rather expeditious action.

Now, as my statement yesterday indicated, this interest of mine goes back a long way. It began to develop as I saw the headlong rush to the centralization of power and authority of tax collecting and spending in Washington. I became convinced that that headlong rush had to be slowed down, which is not to say that there are not many things that are Federal and must necessarily continue to be Federal. There will be progress in that direction, but I think we have moved pretty fast and pretty far, and that we needed a complete restudy of the whole matter.

Public interest began to develop back as early as 1947 when, as my statement indicated, I went with Senator Taft to a convention of the California State Bar Association and discussed there, on a panel with Senator Murray, of Montana, and Congressman Madden, of Indiana, this very proposition.

I also spoke of it at a Pennsylvania society dinner in New York in 1947, where by quite a coincidence the man awarded the medal of the year by the Society was the then General Eisenhower. He evidenced a very great interest in this whole problem, and it has been of continuing interest to me to recollect that on the occasion of my address there, on this very subject, he spoke to me saying that in his opinion it was one of the fundamental problems before the whole country.

I think that the accomplishments of this Commission, the things that may be done in this field may well go down in history as one of the great accomplishments of this administration. I say it is important, and deserves to be treated as important.

Now, without undertaking to interject any politics, because I might say to some of my friends who sit on my right, in respect to State and local responsibility, on occasion it has seemed to me in recent years we Republicans and Democrats have to some extent fought ourselves into one another's overcoats. There have been times when I thought possibly the Republicans were more cognizant of the desirability of continuing State and local control and responsibility than some of our very good friends on the other side of the aisle.

Be that as it may, it is true, as I pointed out in my statement, that the Republican Declaration of Principles and Policies adopted by the Republicans of the House and Senate in 1950, and concurred in by the Republican National Committee, of which you, Madam Chairman, are a member, as well as a member of the House, contained a specific provision for this very sort of a study.

That was carried over into the national platform in 1952, and was very much spoken of through the campaign, so I say it has been a matter of very considerable development.

I think it is also significant that in this very field, the Democratic candidate, Mr. Stevenson, likewise urged the importance of the return of great segments of responsibility and authority back to the States and their subdivisions, so I say definitely there is no partisanship involved.

Now, after the President was inaugurated, one of the first things he did was to arrange for a conference to be held at the White House starting in the morning, and lasting through lunch, at which members of the Congress were present, representing the different committees that might have an interest in this matter. Four governors representing the Conference of Governors were present, and members of the executive branch of the Government were present.

The Governors who were then present were Shivers of Texas, Byrnes of South Carolina, Kohler of Wisconsin, and Driscoll, Frank, from your State.

Mr. OSMERS. That is correct.

Mr. HALLECK. I had had some experience with the Conference of Governors as a result of the so-called secrecy clause in the Social Security Act, where, as you will remember, Mrs. Harden, by a certain change in the law here in Washington we brought about a situation under which our State of Indiana was permitted to receive some \$22 million that it had been threatened would be taken from us.

The Conference of Governors meeting in Gatlinburg, Tenn., I think helped finally to push that over, because there they unanimously adopted a resolution urging that this change in the Federal law be made to grant to the States a greater area of responsibility.

So it is obvious that the Governors of the States in their conference, and as individuals, have been studying this whole matter. I think they are beginning to realize, now, just how great has been the transfer of power from the State and local governments to the Federal Government, and I likewise think that they are understanding better than ever before that in much of that overcentralization can be found a greater expense. I well recall that at the conference we had at the White House, the question was raised as to what the saving might be if some of these responsibilities were taken back to the States, with the same functions of government carried on, but carried on at the State and local level instead of sending the money to Washington, and then having it come back to the States and local subdivisions.

Governor Driscoll said they had considered the matter carefully, and were quite convinced that the taxpayers would be given as much as a 25 percent saving by getting this back to the local level. Whether that is a fair estimate or not, I don't know; but I do know that our people out in Indiana, who have been pioneers in this whole movement, are convinced that when you send that dollar from Indiana to Washington, and then back to Indiana, there is a very considerable clip that comes out of it.

Now, as I say, the President called this meeting. It was remarked there by some of the governors, I don't recall just which ones they were, but they said this was the first time in history, so far as they knew, that representatives of the State governments had sat down with representatives of the Federal Government with the view to working out an arrangement by which, in cooperation, we could tackle this very difficult problem.

There was question there as to whether or not specific reference should be made to local subdivisions.

Now, it is not the purpose of this Commission to undertake to settle the frictions and difficulties that arise between State governments and the governments at the local level. That is primarily a matter for determination in each of the 48 States. But in any contemplation of the problem, it must be recognized that insofar as we speak of State government, the term likewise contemplates the governments of the local subdivisions within the State which are, in the final analysis, the creatures of the State, and a part of the State government.

Now, as I looked over the hearings of yesterday, a question was raised as to whether or not the Commission was desirable; whether or not, possibly, the whole matter couldn't be handled by a legislative committee, possibly this committee, possibly by Ways and Means—perhaps the suggestion was not made as to Ways and Means, but I might point out here that the Ways and Means Committee did hold very extensive hearings on the whole matter of State and Federal relationship as it affects the matter of taxation, and the division of areas and fields of taxation between the States and the Federal Government.

Now, certainly no one is any more jealous than I of the prerogatives of legislative committees. I have been here long enough to realize their importance. I served on legislative committees for a long time, and I know that in the final analysis legislation is our responsibility, but I would like to point something out, in support of this Commission approach.

Assuming that the job is to be done that we think ought to be done, I think it will involve a transfer of many functions, and possibly tax collections and spendings from the Federal Government back to the State and local governments.

Now, to my mind, if that is to be accomplished, it isn't enough that the Federal Government determine that we are getting out. You have got to have the State governments and the local governments ready to move in, and I think they ought to be consulted; as the study goes on, I think they ought to participate in the development of the work to the end that all sides be represented.

Now, to further that, there was a discussion at the White House, and I think I am not disclosing anything that was talked about that would be improper. First of all, in the appointment of the Members of the House and the Senate, it would be expected, I would assume, that members of the committees, who would probably be most directly affected by these various problems, would be included in that representation. In the 15 to be appointed by the President, it is expected that Governors representing the conference of governors will be appointed, and in all probability enough members representing municipalities so that you would get that municipal attitude.

As a matter of fact, furthering the work of the Commission, the conference of State governors, and the Council of State Governments indicated that they would assume part of the expense of this joint study, that they would provide actual money, and in addition trained experienced personnel, so that through this Commission approach all of these various segments of the Government will have their direct say as the work progresses.

Now, as I have indicated, this cuts across committee lines. There is no one legislative committee that would have to do with all of the field; that will be investigated. As recommendations are made, I don't know how many of them would come to Government Operations, but likely some of them would. There might be recommendations made that would deal in the field of taxation, and of course that is a Ways and Means Committee matter, so out of it all, I am convinced that the Commission approach is the best. As a matter of fact, that has been the considered judgment, so far as I have been able to discover, of all of the people who have been wondering how we are going to get at this problem.

I might add this further thing, and this likewise is no disparagement of congressional committees, because that certainly would be the last thing in which I would indulge. I think this job, if it is to be done, is going to cut into some pretty tender places. There has been an illusion created that this money out of Washington is free, and of course that denies the very obvious fact that there isn't any money in the United States anywhere that isn't first found in 1 of the 48 States, but that illusion has been created, and as you begin to shut off on some of that, and as you begin to shut off on some of these Federal functions, you are going to find some pretty stiff pressures.

Now, what does that mean with respect to a commission? Well, it certainly would be contemplated that the Chairman of the Commission would be an outstanding figure in American public life. His position would be such, and that of the other members of the Commission would be such, that their recommendations could carry large public support.

I am quite convinced that some of these things cannot be accomplished except there be an awareness and an understanding in the country of the necessity of doing the job, and out of that growing public support for the proposals that will be forthcoming.

I think for that purpose the Commission very definitely would be an advantage.

Just a final word. The bill has already passed the Senate. I sincerely hope that when this record is made that the bill can be reported, so that we may get under way with the creation of the Commission and the staffing of the Commission to the end that this very important matter may be accomplished.

Mrs. HARDEN. Mr. Halleck, what importance does the President place on this bill?

Mr. HALLECK. Well, Mrs. Harden, undoubtedly the thing uppermost in the mind of the President, as it is with about all of us, is the termination of the Korean war, and the establishment of a permanent, just, and lasting peace. But otherwise, I think this sort of a matter, as it deals very definitely, I think, with the very foundation of the Republic, and deals definitely with our whole fiscal situation, and the efficiency and economy in Government. I certainly think he puts this near the head of the list—I wouldn't say at the very head of the list, but certainly as one of the most important things deserving consideration.

I think everything he has done in connection with this matter would clearly indicate his interest in it. As a matter of fact, it is no secret to my knowledge, that this legislative proposal, which Mr. Taft introduced, and which I have introduced, was worked on by the

governors, and by all those who were present, and by the White House people and finally we came up with this language and this approach, and as it was finally prepared, Senator Taft and I introduced it.

Mrs. HARDEN. Is the date March 1, 1954, a realistic one for the Commission to report?

Mr. HALLECK. Well, the time is short, but it has been my observation—and that was discussed—that any of these things can be accomplished if you get down to work. As a matter of fact, there was a suggestion there, I think it came from the governors, that they didn't want the creation of the Commission to mean that nothing might be accomplished before the Commission made its final report, and so there is language in here saying the Commission may make interim reports. We likewise assured the governors that if there was something in which they were interested that needed congressional action, we, on our part, would be glad to cooperate with them in accomplishing legislatively anything that might be necessary of accomplishment, or desirable, even though the Commission hadn't made its final report.

Mrs. HARDEN. In view of the urgency for action, are you willing to accept the Senate amendments?

Mr. HALLECK. I looked the Senate amendments over. One has to do with the name or title of the bill; I think that is all right. The other one, as I recall it, directs the Commission to accomplish the fundamental objectives outlined in the early section—I don't know whether it is section 1—and the other one has to do with taxation. More specifically, it has to do with taxation, and the varying fields of taxation. I might say the governors are getting anxious about the gasoline tax, for instance. They are beginning to think, many of them, that if they collected more of the gasoline tax back at the State level, and kept their money there, they might come up with better roads than we do under the existing situation. That was, I think, one of the things that was talked about, and which was in the minds of some of the people when they thought about what might be accomplished before a final Commission report.

Mrs. HARDEN. Mr. Meader, do you have any questions?

Mr. MEADER. Yes, Madam Chairman.

First, I would like to say that I associate myself with the majority leader's statement that there has been too much concentration of political power in the Federal Government, and I would go a step further and say it has gravitated pretty much to the executive branch of the Federal Government, and I think it is urgent that something be done to restore the balance between the national Government and the local governments.

Second, I would like to say that in general I like to see commissions set up, particularly where there is a need for bringing in thinking and representation from outside the legislative branch of the Government. I had some doubt about the propriety of a commission for this particular problem. I, myself, introduced a resolution to create a commission on overseas investment and trade. I think that subject is particularly appropriate for a commission, because I believe we need to bring in representation from the American business community. After all, private citizens are the ones that engage in investment and trade, and they need to have a part in formulating policies and programs with respect to it.

In contrast to that situation, I have been concerned about this subject, which, it seems to me, is primarily a legislative problem. It is true that the local governments are equally interested in the relationship between themselves and the Federal Government, and for that reason it might be desirable to have a body upon which they could have representation.

However, I think the mandate of authority of this subcommittee, which has the duty of studying intergovernmental relationships between the United States and the States and municipalities, certainly contains all the authority that is needed to conduct this study. We don't have the money. We have an appropriation of about \$65,000 for a year's work and a very small but very able and competent staff. I think, as a practical matter, we will have to approve this bill, because I don't think the Congress would give this committee the money that would be necessary to make a thorough study.

Now, having said that, I would like to ask some questions about the details of either one of these bills. I think the points that I will raise are common to both of them.

I have a feeling that the scope of jurisdiction as defined is a little too narrow, even with the Senate amendment. I would say that it might be broadened so that you have jurisdiction coextensive with the jurisdiction of this committee, all Federal and State relationships.

The description of the duties of the Commission seems to emphasize the aid programs. I would like to suggest that thought be given to amending the statement of duties of the Commission so as to broaden it.

For instance, already we have had in this Committee hearings on the donable surplus property program. Now, that can be called, I suppose, a grant-in-aid program of a kind. It isn't a dollar aid program. We have done some preliminary work on the problem of Federal Government ownership of property, the taking of real estate and personal property off the local tax rolls. That is a particularly pressing problem in my own district. In the city of Adrian, property worth over \$2 million, just this year, went off the tax rolls. This denies to the local city government, the county, and the school district some \$90,000 in annual revenue.

The question of competing for tax sources, is involved in this relationship between the Federal Government and State and local governments. I have some question whether the description of the scope of the Commission's jurisdiction is broad enough to include all the problems that need to be studied.

Mr. HALLECK. Well, George, let me say this. First of all, I appreciate your attitude, and may I say that certainly the creation of this Commission isn't going to preclude this subcommittee from going ahead and dealing with anything that either is in here, or isn't in here, and certainly if it isn't included, then no one could complain if this subcommittee said, "We are going to look into this particular matter because it is outside of the scope of the work of the Commission that is to be created."

Beyond that, let me say this, that the language is very considerably changed from what was first proposed, and there were many different ideas about just what the language should be. It represents the best we could work out in cooperation with the governors, the executive branch of the Government, and the legislative branch of the Government, the language that seemed to fill the bill.

Now, as to the amendment offered in the Senate, and I think that is it, isn't it, Mr. Brooks?

Mr. BROOKS. I believe that it is.

Mr. HALLECK (reading):

The interrelationships of the financing of this aid and the sources of the financing of governmental programs.

Now, it would seem to me that that last isn't limited particularly to aid programs, but rather to any governmental program that might contemplate any State program or local program as well as a so-called Federal State-aid program.

Of course, I certainly wouldn't undertake to preclude the right of this committee to make amendments if they see fit to make them. I would only make this suggestion, in the interest of time. If the committee should conclude in its good judgment that this fairly well covers the field of what we are trying to do, it would make for expedition if the Senate bill were found to be satisfactory and that could be reported and passed by the House.

Mr. MEADER. Well, let me ask about another matter of the draft. Section 5(b) provides that the Commission may appoint and fix the compensation of such employees as it deems advisable in accordance with the provisions of the civil service laws and the classification laws.

Particularly in view of the deadline for the report, it seems to me that there might be a tendency to delay the work of the Commission of civil service laws and regulations are strictly complied with in acquiring a staff for the Commission.

Yesterday the chairman put in the record the letter of former President Herbert Hoover, who specifically suggested that the Commission on Reorganization should be free from the requirements of the civil service and classification laws. I would like to have your views on that question.

Mr. HALLECK. Well, I don't recall, Mr. Meader, that that particular feature was discussed. It may have been. I do know that there have been some of us who have been chafing a little at too many folks being appointed in recent years without regard to civil service, and whether that had anything to do with it, I don't know.

I would say that that might be a matter that could be checked, and if it was felt that that would be a real handicap, maybe it would justify a change.

Mr. MEADER. It seems to me if it's a temporary commission, it isn't permanent employment in the Federal Government.

Mr. HALLECK. I have always thought you could move pretty fast even through civil service, if you really wanted to move.

Mr. MEADER. Well, if they really observed merit principles, they would have to set up job descriptions, and then hold examinations for the persons possessing the qualifications to fill that job. It would seem to me that would involve considerable delay and red tape that might delay the Commission in getting its job done.

Now, if they don't pay attention to merit principles, and just use the name of civil service, I don't like to see that, either. I think that is abuse of the merit system.

Mr. HALLECK. That is right. It ought to be either one way or the other.

Mr. MEADER. Now, the third question I had, this Commission was not given subpoena power. Is there any reason why it was not given subpoena power, or do you think it would be of any advantage to the Commission to have subpoena power?

Mr. HALLECK. I don't think it would be any advantage, frankly. This whole proposition is going to succeed or fail according to the willingness of the people to cooperate. I can't foresee any circumstance under which you would have to subpoena an unwilling witness who by reason of that subpoena would elicit any information that would be of real value to the Commission. It isn't an investigating committee, in the sense of an investigation as some committees carry them on.

Mr. MEADER. Well, I don't know that I have anticipated the specific situations where it would be desirable to have the subpoena power. The only thing that occurred to me offhand was that there may be records in the hands of public officials who might be reluctant to turn them over to somebody without the protection of a subpoena. I don't see what harm it would do to have the subpoena power.

Mr. HALLECK. Well, it wouldn't do any harm, except this: I wouldn't want the impression to get abroad that there is any lack of cooperation between the States and their subdivisions on the one hand and the Federal Government on the other. The whole thing has proceeded from the very beginning on the plane of highest cooperation, and if you put in the subpoena power, you say it wouldn't do any harm. Well, the only harm I could see it might do would perhaps be to create an impression that here is another investigating committee in the nature of some of the committees, and properly—I am not quarreling with them—out to find this or that, even from reluctant witnesses.

I would say that anything you might get from a reluctant witness would be of doubtful value in this case. Of course, I wouldn't anticipate any reluctant witnesses. I think this will be characterized by the cooperation that has been evidenced ever since it was begun, and if there is a reluctant witness, I would doubt very much whether you would add very much to the work of the Commission if you subpoenaed him, brought him in and made him testify under oath. I wouldn't be a bit concerned about that.

Mr. MEADER. That is all.

Mrs. HARDEN. Mr. Osmer's, do you have any questions?

Mr. OSMERS. In view of the time element, Madam Chairman, I don't want to extend the questioning too long. I would like to say again a couple of things I said yesterday, Mr. Halleck, and that is that I think all of us on this subcommittee are most enthusiastic about the objectives that are sought in this proposal.

However, I personally take a dim view of accomplishing a great deal, first because of the time element. That is, the Commission is appointed now, it reports next year, it will probably report late in the session if they are on time, and it will be an election year, and it will be 1955 before we start to get this thing into legislative shape.

I think that in many respects the things that are sought in here have been thoroughly investigated, and in many instances are ready in legislative form for action at this session of Congress.

I was somewhat impressed last night by the remarks of Senator Taft at the "housing dinner", in which he pointed to the importance

of a philosophical review of the activities of the past 20 years, and not a partisan approach to it at all, a complete review of where we are going, and where we will end, and I must say that he made a very persuasive argument for the adoption and acceptance of this proposal.

However, I would like to point out to Mr. Halleck, because he mentioned the Governor of my State before, and I am not his official spokesman, nor am I authorized to speak for him, but I would like to say that prior to the conference that you referred to at the White House, Governor Driscoll was firmly of the opinion that the time had come on this subject for legislation rather than for a long commission investigation of the subject. I understand that he now favors this proposal. Governor Driscoll has probably been as close to this subject, along with Governor Stevenson and Governor Kohler, as anyone in the United States over the past preceding few years. His initial feeling on this subject was very much like my own, and I do feel that in some respects, Congress is abdicating the duties and powers of some of its legislative committees.

Now, in the proposal in the Senate, Mr. Halleck, they added some language in the committee which appears in the reprint here, on page 4. The new language was—

the interrelationships of the financing of this aid, the sources of the financing of governmental programs, and problems in the field of intergovernmental tax immunities.

Now, we are informed that on the Senate floor they struck out the language—

problems in the field of intergovernmental tax immunities,

and we yesterday went into that point at some length, and we seemed to feel that that should go back in again, that the question of intergovernmental tax immunities is a continuing important question that should remain in the bill.

I don't think I would make a point of it if it hadn't been struck out, but I am sure somewhere along the line someone is going to say it was specifically the intent of Congress not to go into the subject, because they struck it out.

Mr. HALLECK. Well, I am not altogether sure, Frank, just what intergovernmental tax immunities would involve; that is the right of the Federal Government to tax State operations, or the right of State governments to tax Federal operations?

Mr. OSMERS. It primarily arises at this time from certain activities of Federal defense corporations having tax immunities in municipalities from personal property taxes and from real-estate taxes. It has become, in the opinion of the representatives of the American Municipal Association, a rather critical situation in many municipalities, so much so that Senator Taft was quoted here yesterday as feeling that we should have immediate legislation on the subject now.

Mr. HALLECK. Well, let me respond, if I may, to 2 or 3 of the things that you have observed. First of all, I am quite sure that Governor Driscoll was very sincere when he sat there all morning and through lunch with us and discussed this whole matter. I have no way of knowing what any of his prior convictions may have been, but if I took at face value what he said there, then I would say very definitely that he is very much for this whole business, and his appearance before

the Bonner subcommittee of this committee, as I understood it, indicated at that time his interest.

Now, it is true that in respect to some of these matters it was contended that legislation might very well precede a final report of the Commission, and certainly, as we pointed out very quickly, the fact that you name a Commission, does not preclude interim action by the Congress. If there is something upon which there has been such a resolution of opinion, or a desirability that we say we ought to act, then the Congress is free to act, and specifically there was included this language, "and the Commission may also from time to time make to the President such earlier reports as the President may request or as the Commission deems appropriate."

In other words, they can make interim reports, either at the request of the President, or upon their own motion, and certainly you wouldn't need to write in here that the Congress, if we see fit to move legislatively on the gasoline tax or any other thing—it happens to be that the gasoline tax seemed to be one of the foremost contentions of the State governments, and probably is as of this moment—there would be no reason why any matter such as that could not be dealt with legislatively by the Congress of the United States, if it was deemed desirable to do so.

Mr. OSMERS. I don't have any further questions.

Mrs. HARDEN. Mr. Brooks.

Mr. BROOKS. I just want to say that the Democrats, of course, are as vitally interested as anybody in the strength and efficiency and independence of the State and local government, because we have got Democrats down there, too, you know, and we hope to have more, and in view of the program that is coming up, we want to get you off to the floor very shortly, but I have a couple of short questions, and one was this.

Wouldn't it be possible to appoint a special committee, possibly a joint committee of members of the Ways and Means and the Government Operations Committee, Members of Congress, Republican and Democrat to go into this problem?

Mr. HALLECK. Well, there are going to be Members of Congress, Democrat and Republican, on this Commission.

Mr. BROOKS. I mean to make it a committee rather than a commission.

Mr. HALLECK. Well, I think the arguments that I tried to make here in respect to the necessity of cooperation between the States and local governments and the Federal Government to the end that we get all sides represented, and then when we move legislatively, if we unlegislate something in Washington, then of necessity it may require legislation at the State and local level, and so I think it is desirable, and I think also, with no reflection on any legislative committee of the Congress, this is a big problem which I think can be better put over if it carries with it the sort of process of formation, with public spirited people, with governors, with representatives of the executive and legislative branch, all participating in the work.

I know the Hoover Commission reports generated greater enthusiasm than anything I have seen in all my time here. In other words, there were committees set up, the Junior Chamber of Commerce of the United States dedicated itself to the accomplishment of the Hoover

Commission proposals, and it was followed subsequently by a committee for the Hoover Commission proposals.

Now, I would hope that we would get that same sort of steam, and that same sort of enthusiasm for some of these things that are going to have to be done, and which, as I said before, in respect to which we may have to do a little swimming against the current.

Mr. BROOKS. You feel, then, the only practical way to reach what we call more or less common motives or achievements would be to have a commission?

Mr. HALLECK. I think it would be the best way, let me put it that way. I think it would be best and most effective.

Mr. BROOKS. If we are going to have such a commission, and I am basically in favor of the program, don't you believe that the 15 members that will be appointed by the President should perhaps have their qualifications set out more carefully to emphasize the fact that they would be essentially bipartisan in nature, like the membership from the House and Senate? I assume that the President would, but is that assumption correct?

Mr. HALLECK. It is absolutely. Let me assure you, on my responsibility as one who participated in this, that that will be done. I would take it that the governors' conference would make their own suggestions, and certainly the governors' conference isn't going to appoint all Republicans or all Democrats, and likewise in respect to the folks who will be representing the subdivisions.

Now, when you get into the field of the executive branch of the Government, obviously, since the ones who have been presently appointed are Republicans, I take it they would be Republicans. The number 15 may seem a little large, but you have got to get some folks out of public life who know about this problem, who are willing to devote their time and energy to it, and who will give it prestige and standing and really work at it. Then you have got to give the governors representation. You have to get the local subdivisions in. I think 15 is a reasonable number, and I can assure you that so far as the President is concerned, it isn't going to be stacked as a matter of politics. This isn't political, and it shouldn't be. Judge Sumners, who came from Texas here years ago—he and I philosophized about this at one time, and he was tremendously concerned, as have been many Democratic Members of the Congress, just as we have been on our side. It is a nonpartisan problem, and ought to be approached in a nonpartisan way.

Mrs. HARDEN. Mr. Pilcher.

Mr. PILCHER. Just to get the record straight, I want Mr. Halleck to know that so far as the bill is concerned, what it intends to accomplish, I am just as strong for it as he is. I think it is one of the most important pieces of legislation that has been up in years. Anybody that has served on highway boards, he was talking about the gasoline tax just now, we collect it down there, send it up here, and then they send it back down there. Not only that, but the main part of the whole thing, I think, is one of the most important bills that has been before Congress.

I am only a rookie, and I may be wrong, but I don't think there is any politics in the bill. We can kid one another about being Democrats and Republicans, but there are some things that are bigger than either one of them.

My thought was this, and I may be wrong. You could get men serving in Congress, you could get mayors to come here and serve as a committee. I am not talking about this committee, I don't think this committee is broad enough. You would have to have ways and means, or you could have a committee of Congress entirely to go to the mayors, to the highway departments, to every segment of the State governments. It is a big proposition, and you are going to get into some technical things, and you are going to get into lots of controversial things.

As to the principle, I am for it. I don't want you to think otherwise. I am as strong for it as you are. But is a commission what we have got to have? I don't reckon Congress would give a congressional committee money enough to investigate, but they will give a commission any amount they want. I don't understand that. It looks like there is some reflection on Members of Congress.

If the people who have been here and have had experience think that is best, I am certainly not going to throw a rock in it. There is no politics in the bill. It is something that has been needed to be done for several years, but I just believe it has got to come back here, and Congress is the one that is going to have to pass the legislation, and they should have the experience of the investigation. If that is not the way, I will go with you on any of it, but I still believe it should have been a committee of Congress.

However, as I said, I am just a rookie.

Mrs. HARDEN. Mr. Ward.

Mr. WARD. I have no questions.

Mrs. HARDEN. Are there any further questions?

Mr. Halleck, the committee does realize what a very busy schedule you have, and we are very grateful to you for coming over this morning and presenting this very fine statement on this important legislation.

Thank you so very much.

Mr. HALLECK. Thank you, it has been a pleasure.

Mrs. HARDEN. I understand the House convenes at 11 o'clock.

We have Congressman Harvey with us now, and if the other witnesses who had planned to testify today will bear with us for a few minutes, we will hear our Congressman.

We are honored to have another colleague from Indiana, a former distinguished member of this committee, the Honorable Ralph Harvey, who has introduced H. R. 4848 to create a national commission on intergovernmental relations.

Will you please proceed with your statement.

STATEMENT OF HON. RALPH HARVEY, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF INDIANA

Mr. HARVEY. Thank you, Mrs. Harden, and members of the committee. I do want to express, first of all, my appreciation for the opportunity to appear before this committee.

As Mrs. Harden has stated, I was formerly a member of this committee, and have had legislation of the type in H. R. 4848 before the committee since I came to Congress, and I reintroduced practically the same bill in this Congress.

I would suggest that in view of the fact that probably Congressman Halleck's bill will receive priority, and should, I want to give you a little background that I believe will be worthwhile in substantiating the importance of the legislation.

In 1932, I began my public service at the county level, as a county councilman, where I served for 10 years, during which time I was on the receiving end as a member of a committee of many of the new Federal programs. It was a rather tense time insofar as government functions were concerned, and I observed as these new Federal programs came into being, the impact on local government, particularly the county government, because as it is constituted in Indiana, most of the subdivisions worked through the county level.

In 1943, I went to the legislature, and was convinced at that time that some of the problems that beset us at the county level could be corrected there, and while I became eventually chairman of the State budget committee there, which was responsible for the fiscal affairs of Indiana, I realized the problem was more far reaching, even, than merely State level.

At about that time, Harold Smith, who was then the Director of the Budget, who had come originally from Michigan, George——

Mr. MEADER. That is right.

Mr. HARVEY. He made a very enviable record at both city and State levels before he was appointed National Budget Director. He had become alarmed over the trend of government from local to national level, and he persuaded the Spellman Foundation to sponsor a fund to make a study of the problem of the development at the Federal level, and the extremely rapid growth of the Federal Government, as he thought at the expense of State and local government.

They determined to have about five counties in the United States to serve as guinea pigs, and the Federal Council that was established included many people who are familiar to most of you.

The Federal Council was composed of Harold Smith as chairman, Philip Fleming, Administrator of the Federal Works Agency; Paul McNutt, Administrator of Federal Security Agency; M. L. Wilson, Director of Extension; Luther Gillett, Director of the Institute of Public Administration; William Anderson of the University of Minnesota; Frank Payne, Executive Director of the Council of State Governments; Mr. Mallory, Executive Director of American Municipal Association, and composed of a staff of two people, Mr. Walker and Mr. Cummings.

You can almost read into this very setup here the beginnings of the whole desire and understanding of the need for the approach that is now coming about.

It just so happened that my county, Henry County in Indiana, was picked as one of these guinea pig counties, and a commission on inter-governmental relations was established there, and a fund was provided. The members of the staff were paid. We had a relatively small staff, but we had a rather competent commission there, all of us nonsalaried. Some were drawn from business and some from government. I was a member of that commission. A Mr. Payne, a local merchant was the chairman, and we made, I think—and I will say this with some modesty—the most thorough study of the problem of any of the five counties that were so established as guinea pig counties. Most of the

rest of the counties, I think, did not devote themselves strictly to the problem of intergovernmental relations.

When this problem was before this joint committee, as it was then called, Executive Expenditures of the House and Senate in 1949, Mr. Payne and I both appeared before the committee, and Mr. Payne, as chairman, presented rather lengthy testimony which is contained in the material found in this report, and rather than to go to the expense of rerunning a great deal of that, I have simply taken the liberty of giving you a little background.

I would hope that you might find time to study this report of our commission. (Joint Hearings before the Subcommittees on Intergovernmental Relations of the Committee on Expenditures in the Executive Departments, Senate of the United States and House of Representatives, 81st Congress, May 9-13, 1949, "National Commission on Intergovernmental Relations".) Our part of the testimony begins on page 128, running through to 176. We have included here the report (not only the progress report) but what eventually turned out to be the final report of our study commission. You will find in this report a great deal of background information that I think is worthwhile.

Due to the limitation of time, I would just like to have you turn, in the hearings there, to page 156, and I call your attention to what I think is a very interesting study of growth of local, State and Federal Government, and you will see there how the various agencies of the local, State, and Federal Government have been added from time to time, and in the column on the right hand side, you will see the tremendous growth that has come about from 1927 until this was printed, I believe, in 1947. During that 20-year period of Federal agencies, which are included in the bottom bracket, it is astonishing when you see the total of agencies presently functioning in our county of a national character.

We have some very interesting studies, if you will turn over then to the next page, that I think should not be overlooked. This is Jefferson Township, and in our section of Indiana, is typical of much of the Middle West, particularly, we have the old original county seats which were just primarily trading centers, which have since become industrial centers, and the impact that it has had upon the people.

You can't get away from the fact, in the final analysis, that the problems we are dealing with must eventually be related to people, as individuals, and you will see that the thing that has come about has made for many of our problems, the fact that whereas the total geographical area of the township has not changed, the nature of the people living in what would ordinarily be termed a rural township has changed immeasurably.

There are still, theoretically, 400 farms there, but the number of farmers who are actually doing the work are considerably less than half, and 50 percent of the men work in urban business and industry.

The number of local businesses has decreased remarkably, meaning that a great many of the business establishments in the county seat are now better equipped to serve the people, but the fact remains that the cost originally many years ago of maintaining schools, and all the other services out at the township level have undergone considerable change. It has been an evolutionary process, and today,

with regard to the biggest burden, however, which are the schools, the real-estate tax covers the bulk of that burden.

Mrs. HARDEN. Mr. Harvey, if you will pardon me, I have just been notified that we are having a quorum call.

Is it the pleasure of the committee and the witness that the members respond to the quorum call, and then return and continue our hearings?

Mr. HARVEY. I will be happy, of course, to abide by whatever the committee chooses.

Mr. OSMERS. If we are having a quorum call, the time involved would probably make it difficult to continue the hearings today. Would it be practical to convene again tomorrow morning?

Mrs. HARDEN. We were planning to convene tomorrow morning.

Mr. OSMERS. I mean instead of continuing today.

Mrs. HARDEN. Some of our witnesses are from out of town, and perhaps it would not be convenient for them to remain over. We may have to make several trips to the floor today, however.

Mr. OSMERS. It is going to get pretty complicated with the quorum call, lunch, and the tidelands vote coming up.

Mrs. HARDEN. Do you think we should try to meet at 2:30 or 3?

Mr. MEADER. It should be late, because we have a 1-hour debate on the Senate bill, and then a 2-hour debate on the new bill the House Judiciary Committee reported out yesterday.

Mr. OSMERS. Why don't you set a time, Madam Chairman?

Mrs. HARDEN. I want to set a time which would be convenient for all the members, and for all the witnesses.

Mr. HARVEY. I might say I will be happy to continue at whatever time is convenient.

Mrs. HARDEN. The committee will now recess until 3:30 o'clock this afternoon.

(Whereupon, at 11:15 o'clock a. m., the hearing was recessed to reconvene at 3:30 o'clock p. m., the same day.)

(Mr. Harvey's testimony is continued on p. 118.)

AFTERNOON SESSION

Mrs. HARDEN. The subcommittee will resume its hearings.

Congressman Harvey has been kind enough to permit Mr. Marshall to proceed, inasmuch as he has to leave town this evening, as well as Mr. Kemp.

We are pleased to have with us this afternoon Mr. A. D. Marshall, representing the Chamber of Commerce of the United States.

The members of the subcommittee have had an opportunity to read your prepared statement, Mr. Marshall, so at this time I will merely ask you to highlight it for our benefit.

(The prepared statement of Mr. Marshall is as follows):

STATEMENT OF A. D. MARSHALL, CHAIRMAN, SOCIAL LEGISLATION COMMITTEE, BOARD OF DIRECTORS, CHAMBER OF COMMERCE OF THE UNITED STATES

My name is A. D. Marshall. I am manager of employee benefits for the General Electric Co., Schenectady, N. Y. I appear here as chairman of the social legislation committee and as a member of the board of directors of the Chamber of Commerce of the United States.

The national chamber strongly advocates the establishment by Congress of a special commission to study the complex field of governmental functions and fiscal sources.

Delegates representing our nationwide membership of business organizations, both formally and informally, went on record in their annual meeting, just 2 weeks ago today, for such a study. Officially, they adopted a broad statement of policy which says:

"The activity of the Federal Government has been extended into many fields which, under our constitutional system, are the primary interest and obligation of the several States.

"The resulting complexity of intergovernment operations makes it necessary to study and appraise Federal-State relations with a view to: (a) determining functional responsibilities proper to the several levels of government in the many areas of activity represented by Federal grant programs; (b) determining proper allocation of tax sources among the Federal, State and local governments; and (c) developing appropriate legislative recommendations."

Unofficially the prime importance of establishing such a commission was stressed in an informal business opinion poll in which hundreds of the delegates to the membership meeting participated.

Therefore, the chamber recommends approval of H. R. 4406, with amendments.

On the assumption that such legislation will be enacted into law, we already have laid plans for a comprehensive research and public information program. We want to do everything we can to aid the proposed Commission and the Congress.

The chamber urges you to amend H. R. 4406 to conform with the amendments to S. 1514, a companion bill, which were approved by the Senate Committee on Government Operations and the Senate itself.

These amendments are:

(a) Change the title of the bill to "A bill to establish a Commission on Intergovernmental Relations".

(b) Insert on page 3, between lines 18 and 19, a new subsection which directs the Commission to carry out the purposes of section I.

(c) Insert the following on page 3, line 21, after "The Commission also shall study": "the interrelationships of the financing of this aid, and the sources of financing of governmental programs."

I have listed in an appendix to my statement more than 40 Federal grants-in-aid programs to the States. In fiscal year 1952, these Federal grants totaled \$2.3 billion. This amount was equivalent to approximately 24 percent of total State tax revenues.

These grants have been introduced over the years on a more or less hit-and-miss basis. Each program has been set up with little reference to the others. They are subject to varying degrees of control and supervision by different national agencies. Each program has its own particular group of supporters and within the States these supporters vie for an extra share of State funds in order to obtain increased Federal grants.

In many cases the availability of Federal grants has brought about a pattern of State expenditures quite different from that which would have prevailed if the States had had to meet the full cost of a program out of State tax collections. The Federal Government makes grants for aid to the aged, to dependent children, to permanently and totally disabled persons, and to the blind, but makes no grants for general relief.

In 1951, for example, the State of New York spent 2 times as much for these 4 federally aided programs as it did for general relief, whereas Mississippi spent 41 times as much on the 4 federally aided programs as it did for general relief. You may well ask whether Mississippi was adjusting its budget in order to take advantage of "cheap" Federal money.

There are many examples in the field of old-age assistance which show the distorting effects of Federal grants. I will cite only one. The per capita money income of Louisiana is about \$100 per annum less than that of Virginia. Yet, Virginia has an OAA recipient rate of less than 1 out of 10 aged persons and average benefits of approximately \$25 a month, whereas Louisiana makes OAA payments to almost 7 out of 10 aged persons and the average payment is slightly more than twice as large. Was Louisiana taking special advantage of the opportunity to obtain Federal funds which are only available if spent for old-age assistance?

Total State and local expenditures for elementary and secondary education were estimated at \$7 billion in 1951-52. Yet, on studying the Federal grant program, we find that the Federal Government made four separate grants for vocational education totaling \$25.8 million in fiscal 1952. Even in these 4 federally aided vocational education fields, States and localities spent \$121 million in fiscal 1952 or almost 5 times the total of Federal grants. Perhaps there was once an argu-

ment that Federal grants were necessary in order to stimulate State action in these fields. But is there any justification for continuing such small and piecemeal grants in an area which an overwhelming majority of Americans accept to be clearly a State and local responsibility?

In the broad field of public health, there are now approximately 10 different Federal-grant programs. This means that 10 separate allocations are made to the States. Each program has its own budgetary and accountability requirements. Even though, for example, the need for work on venereal disease control may fall off while that for cancer control increases; adjustments cannot be made rapidly under the present inflexible and unrelated series of grant programs.

Prior to 1913, there was little tax duplication between the Federal and State Governments. The Federal Government relied mainly upon customs duties—a source of taxation denied to the States by the Constitution. The State governments derived most of their revenues from the property tax.

The passage of the 16th amendment to the Constitution, establishing the constitutionality of the income tax, opened the way for a tremendous expansion of Federal expenditures and grants. Federal-State tax duplication mushroomed at such a rate that today tax duplication is the rule rather than the exception.

The Federal Government imposes heavy personal and corporation income taxes. Most State governments also impose personal and corporation income taxes. The States and the Federal Government both impose alcoholic beverage and tobacco taxes.

In 1926 the credit against the Federal estate tax for State death-tax payments was set at 80 percent of the 1926 Federal rates. Since that date, a Federal gift tax has been imposed, and Federal estate-tax rates have been increased several fold over the 1926 rates; but the 80 percent credit has not been extended to these higher rates. As a result, the lion's share of death-tax revenues are today collected and spent by the Federal Government. Historically, death taxation had been a State-tax field in the United States.

In 1932 the Federal Government imposed a tax on gasoline—a tax source which had previously been the exclusive province of the State. The Federal tax on gasoline is currently 2 cents a gallon, and it is estimated that it will yield \$900 million in fiscal year 1953.

In the opinion of the chamber a systematic study of the historical and legal background of each Federal grant program is needed in order to determine the unit of Government which properly should have jurisdiction and responsibility. Consideration should be given as to which grant programs should be eliminated or expanded. A systematic study of overlapping taxes should also be undertaken to determine from which taxes the Federal Government should withdraw and leave to the States, and from which taxes the State governments should withdraw and leave to the Federal Government.

The Commission also should analyze the philosophy behind the present haphazard system of grant programs—a system in which each program has been set up with little or no reference to the others—to determine in what ways the Federal grant program can be revised and placed on a more systematic basis. For example, the prevailing argument for Federal grants for social welfare is that they are necessary in order to provide the needed minimum standards of public service—standards, it is claimed, that many low-income States could not meet themselves. Even if this argument were to be accepted, the Committee on Federal-State Relations of the Hoover Commission has pointed out that specific grants would be an inferior method of implementing the program. This committee said the more logical approach would be to make funds available to the States for general purposes and to vary the size of the grants inversely to per capita income.

It was pointed out that this method would keep the Federal Government from exercising undue control over and interference in the activities of our sovereign States. Furthermore, the States would have every encouragement to plan the pattern of expenditures which they find to be in their own best interest.

I cite the Committee on Federal-State Relations recommendation merely to illustrate one of the suggested approaches to this complex problem. The national chamber has no official position on this recommendation at this time, but we plan to develop proposals to place before the contemplated Commission.

The Hoover Commission in its report on Federal-State relations summarized the essence of today's intergovernmental fiscal relations problem as follows:

"In order to provide funds for grants-in-aid, and to adjust to war and depression, the national system of taxation has been expanded until we have extensive overlapping and conflicts on the part of Federal, State, and local governments. Of greater importance to State and local governments, the national need for revenues

has caused the Congress in some instances to utilize productive tax sources that could be used just as effectively by State or local governments. In this manner, the circle widens. Under pressure to meet needs, Congress appropriates more for grants. In order to secure necessary revenues, the national tax base is expanded which makes it more difficult for State and local governments to secure their own revenue, and hence stimulates pressure from more and more groups for more and more grants."

I would like to make one more point. The national chamber urges the Congress to investigate the commercial activities of the Federal Government with a view to determining which ones could be better operated by private enterprise. Returning these commercial activities to private ownership and operation would make them subject to full taxation at all levels of government. This broadening of the tax base would materially aid in resolving the intergovernmental relations problem. We have already seen that many of the problems in the intergovernmental relations field have arisen because of pressure on tax sources.

We wish to commend this subcommittee for its previous investigations into the commercial activities of the Federal Government. The subcommittee has studied and compiled an impressive list of commercial activities of the Federal Government which could be performed better by private enterprise. Although accounting practices are poor and cost figures are hard to determine, the inefficiency of many of these ventures has been fully documented.

APPENDIX

Federal grant programs, fiscal year 1952

	<i>Million dollars</i>
Department of Agriculture.....	137.5
Agricultural experiment stations.....	12.3
Cooperative agricultural extension work.....	31.5
National school lunch program.....	82.4
Research and Marketing Act of 1946.....	1.2
State and private forestry cooperation, etc.....	10.1
Department of Commerce.....	453.1
Civil Aeronautics Administration.....	32.8
Bureau of Public Roads.....	420.1
Maritime Administration.....	.2
Department of Interior.....	9.6
Wildlife restoration.....	9.6
Department of Labor.....	182.9
Unemployment Compensation and Employment Service Administration.....	182.9
Federal Security Agency.....	1,505.4
American Printing House for the Blind.....	.1
Office of Vocational Rehabilitation.....	21.5
Colleges for agriculture and mechanic arts.....	5.0
Cooperative vocational education.....	25.8
Vocational education.....	10.1
Home economics education.....	6.3
Trade and industries education.....	8.6
Distributive occupations education.....	.8
Survey and school construction.....	44.9
Maintenance and operation of schools.....	35.9
Venereal disease control.....	8.5
Tuberculosis control.....	5.8
General health assistance.....	14.1
Mental health activities.....	3.0
Cancer control.....	2.9
Heart disease control.....	1.3
Water pollution control.....	.8
Hospital construction, survey, and planning.....	122.6
National Cancer Institute.....	3.0
National Heart Institute.....	1.5

Federal grant programs, fiscal year 1952

	<i>Million dollars</i>
Old-age assistance.....	800. 3
Aid to permanently and totally disabled.....	44. 7
Aid to dependent children.....	303. 3
Aid to the blind.....	29. 4
Maternal and child health services.....	12. 7
Services for crippled children.....	11. 1
Child welfare services.....	7. 2
<hr/>	
Housing and Home Finance Agency.....	8. 5
Federal Civil Defense Administration.....	2. 1
Veterans' Administration.....	6. 3
<hr/>	
State and territorial homes for disabled soldiers and sailors.....	3. 6
Supervision of on-the-job training.....	2. 4
Administration of unemployment and self-employment allowances.....	. 3
<hr/>	
Total grants.....	2, 305. 4

STATEMENT OF A. D. MARSHALL, CHAIRMAN, SOCIAL LEGISLATION COMMITTEE, BOARD OF DIRECTORS, CHAMBER OF COMMERCE OF THE UNITED STATES

Mr. MARSHALL. Thank you very much Madam Chairman and members of the committee.

First I just want to point out that the national chamber does heartily endorse the idea of the establishment by Congress of a special commission to study the complex field of governmental functions and fiscal resources. We have endorsed it in two ways. We took a formal vote of the delegates at our annual meeting a couple of weeks ago and they did it formally for us. Then we did it also informally.

Every year we pass out questionnaires and ask the delegates to turn them in and check the items which they think are of paramount importance. One of the items that 85 percent of them checked as being of paramount importance on that informal questionnaire was this particular study of intergovernmental functions. We hope that something along this line would be enacted into law this year, and we hope it will be along the lines of the Senate bill, which has already been enacted and which I understand you are studying now.

Also, we want to point out briefly about these grants-in-aid. We think that the specific availability of Federal grants has brought about a pattern of expenditures quite different from what would have prevailed if the States had met the full cost of these programs. We have several examples of that. The mere fact that there are Federal grants involved had led the States to do something quite different than if there had been no Federal grants, and if there had been no inducement to get them.

There is another point: Where the Federal Government is making grants now simply because as a matter of history they started in to encourage a particular type of program and are apparently continuing to do so as a matter of historical record more than anything else.

In the field of education the Federal Government appropriated \$25.8 million for vocational education as against a total expenditure by the States of \$7 billion. We think token grants of this kind could well be eliminated. Also, Federal grants may well limit desirable flexibility in State programs. If you have Federal grants, for example,

for venereal diseases and cancer and things like that, and then your control of venereal disease has been such that the need for that type of program has been eliminated, it would be much more desirable if the Federal grants are to cover the whole field rather than for a specific grant for that type of activity, because it means that it has to continue even though you could better use the money for cancer control than you could for venereal disease control.

I do not need to tell you about the problem of taxes and how since 1913 the Government has steadily taken over many of the avenues for taxation both in the income tax field and in the State tax field as well as the gasoline tax field, just to mention a few. The gasoline tax for this year, I think, is estimated to be about \$900 million—the Federal take from the gasoline tax, that is. These are all fields that the States historically have had an interest in.

There is one important point I think I should emphasize in considering this issue. That is the fact that the prevailing argument for Federal grants for social welfare is that they are necessary in order to provide needed minimum standards of public service; standards, it is claimed, that the low-income States could not meet for themselves. If that argument were accepted I think you will find the Committee on Federal-State Relations of the Hoover Commission pointed out that specific grants are not the way to do this thing. That committee said a more logical approach would be to make funds available to the States for general purposes and to vary the size of the grants inversely to the per capita income of the States.

I do not want to go into the arguments on that because it is a whole chapter of economic and social relationships, but I would like to point out that the most ardent advocates of specific grants-in-aid seem to be much more concerned with the areas of work in which they are interested than in this very logical approach to the thing if we are going to do it on a purely logical basis. The Hoover Commission will summarize the essence of today's problems in their report, and I refer you to that.

I will make one more point, which is the fact that the National Chamber of Commerce does urge the Congress to investigate the commercial activities of the Federal Government with a view to determining which ones could be better operated by private enterprise.

This concludes my summarization.

I would like to thank you for your courtesy not only in permitting us to appear, but in permitting us to appear out of order.

I would like to promise on behalf of the chamber of commerce our wholehearted support not only to the committee, but to any commission that may be appointed as a result of this legislation.

Mrs. HARDEN. It is my understanding, Mr. Marshall, that the Senate bill as amended, the companion bill to H. R. 4406, is satisfactory to your organization. Is that correct?

Mr. MARSHALL. That is correct.

Mrs. HARDEN. You mentioned 10 different Federal grant programs concerning public health. Do you feel that these could be combined into one program under one appropriation?

Mr. MARSHALL. If you were going to have a grant in the field of public health I think it would be much more satisfactory to have them combined in the one grant. I do not know about the advisability of grants in that, but I do know that the Commissioner of Public Health

in New York State, for example, pointed out the inappropriateness in his mind of specific appropriations by the Legislature of the State of New York for specific areas in the field of health. He says:

Of course we need to do something for cerebral palsy, but it is a very bad mistake for the legislature to make a very large grant for cerebral palsy because it would be much better if the Legislature of the State of New York appropriated money for the general area of public-health work and then let us allocate the money as it seemed necessary in the area.

So I think our conclusion would be if there was to be an appropriation in this field it would be better to have a general one, rather than specific grants.

Mrs. HARDEN. Mr. Osmer, do you have any questions?

Mr. OSMERS. No. I would just like to add, Madam Chairman, that the New Jersey State Chamber of Commerce also is in strong support of the legislation being considered.

Mrs. HARDEN. Mr. Ward?

Mr. WARD. No questions. Thank you.

Mrs. HARDEN. Mr. Marshall, we certainly appreciate your coming up and your splendid statement which you have submitted to us, and the highlights which you have given for our benefit.

Mr. MARSHALL. Thank you very much.

Mrs. HARDEN. We are pleased to have with us also Mr. Verbon Kemp, executive director of the Virginia State Chamber of Commerce. We have had an opportunity to review your statement, Mr. Kemp, so we will merely ask you to highlight it at this time.

(The statement of Mr. Kemp is as follows:)

STATEMENT OF VERBON KEMP, EXECUTIVE DIRECTOR, VIRGINIA STATE CHAMBER OF COMMERCE

My name is Verbon Kemp. I am executive director the Virginia State Chamber of Commerce, which I represent in making this statement in favor of the objectives of H. R. 4406 which you are now considering. I am also speaking in favor of its objectives for several other State chambers of commerce which are members of the Council of State Chambers of Commerce. They are the following: the Connecticut Chamber of Commerce, the Delaware Chamber of Commerce, the Empire State Chamber of Commerce, the Idaho State Chamber of Commerce, the Indiana State Chamber of Commerce, the Maine State Chamber of Commerce, the Missouri State Chamber of Commerce, the New Jersey State Chamber of Commerce, the Ohio Chamber of Commerce, the Pennsylvania State Chamber of Commerce, the South Carolina State Chamber of Commerce, the West Virginia Chamber of Commerce, and the Wisconsin State Chamber of Commerce.

The increasing complexity of Federal-State fiscal relations has been a matter of real concern to the Virginia State Chamber of Commerce and other State chambers for several years. In the past we have supported measures calculated to bring about a rational solution of our complicated intergovernmental relations. Likewise, we favor this present proposal which would establish a commission to study these problems and to make recommendations to Congress for legislative action to solve them.

MORE STATE AND LOCAL RESPONSIBILITY

Our concern over the drift in intergovernmental relations has been not only because of their growing complexity but also because of the constant trend toward centralization of Government functions, authority and fiscal responsibility in the National Government. In his campaign last fall President Eisenhower made a statement on this matter at Wheeling, W. Va., with which we are in hearty agreement. He said:

"We seek in America a Government close to the people and responsive to their needs. * * * A Federal plan, a Federal blueprint, or a Federal administrative order are certainly not the only ways to deal with the problems of our daily lives. These should be a last, and not a first resort. For there are many problems

which the people back home can solve better for themselves—whether in a village, or in an urban center, or in a State or wider region.”

Federal grants-in-aid to the States have played a large part in the trend toward centralization of Government in Washington. If this trend is to be halted and reversed, the grant-in-aid system is the right place to start. There should be no further delay in examining the Federal grant-in-aid activities with a view toward allocating responsibility for various functions and services now financed by grants to the proper level of Government. Without an early study followed up by legislative action we are likely to have a furthering of the complexity and cost of these activities.

GROWTH OF GRANTS-IN-AID

A review of the growth trend of grants-in-aid shows how far we have already gone toward centralization of direction and financing of Government services dealing with the everyday lives of the people.

The system of Federal grants-in-aid to States and local units got its start in the early days of the Republic with the institution of land grants to States to promote education. But the system of cash grants gained real impetus only after the Sixteenth (Income Tax) Amendment to the Constitution was ratified in 1913. With the new revenue potential available through Federal taxation of incomes, the National Government soon expanded the grant-in-aid system.

The agricultural extension program came into being in 1914, the Federal Aid Road Act in 1916, vocational education grants in 1917 and public health grants in 1918. By 1920 total grants-in-aid had risen to \$77 million from \$5½ million in 1915. The cost of grant-in-aid programs reached \$114 million in 1925 with most of the increase being in the highway aid program. Then there was relatively little change in the number or cost of grant programs until 1933.

During the first 2 years of the Roosevelt Administration huge sums for unemployment relief were provided by direct payments to individuals and grants-in-aid actually decreased. With the adoption of the Social Security Act in 1935 several new grant-in-aid welfare programs came into being and total outlays for grants rose sharply. In 1937 some 20 grant-in-aid programs cost over \$290 million and each year since then, with the exception of 1946, the annual outlays for grants-in-aid have increased. By fiscal 1952 Federal grants to States and local units were being made through 48 different programs and their cost had mounted to \$2,365 million, or 8 times the amount of grants in 1937. The budget estimate for the current fiscal year is \$2.8 billion.

RELATIONSHIP OF REVENUE SOURCES AND GRANTS-IN-AID

An illusion has grown over the years in the minds of many that grants received by States and localities from the Federal Treasury are in the nature of gifts—that Federal money comes free. The truth of the matter is, of course, that all money paid out to the States for these programs must first come to the Federal Treasury in the form of taxes or borrowing from the people in the States.

In its efforts to find the revenues to provide for ever-increasing grants as well as for other expenditures the National Government began to utilize tax sources which more appropriately belong to the States and localities and can more effectively be utilized by them. This, in the words of the Hoover Commission, “makes it more difficult for State and local governments to secure their own revenue, and hence stimulates pressure from more and more groups for more and more grants.”

A reexamination of grants-in-aid with a view to reversing their growth trend will at the same time require a review of Federal tax programs. While some services financed by grants might be dispensed with entirely, many others will undoubtedly be continued by States and local units even if Federal grants for them are eliminated. But if the States are to carry on such services to the extent needed, it will be necessary for the Federal Government to relinquish some tax sources to them.

In view of this relationship between grant-in-aid and revenue sources, we suggest that H. R. 4406 be amended in line with S. 1514 as it was passed by the Senate.

The principal amendment is one to section 3 (a) which would extend the duties of the Commission to studying “the interrelationships of the financing of this aid and the sources of financing of governmental programs.” The other changes are in the nature of perfecting amendments.

These amendments will assure that the problem of revenue sources will be studied concurrently with the examination of Federal grant programs. This study of revenue sources should also lead to the elimination of conflicts, duplications and inequalities in Federal, State, and local taxation.

TAXPAYER REPRESENTATION ON COMMISSION

In conclusion I want to stress the paramount interest in this matter of the taxpayers as a group. While it is important that the various levels of government have representation on the Commission because of their administrative responsibilities, it is equally important that taxpayers be directly represented. Such representation might be selected from groups which have been active in the field of Federal, State, and local fiscal matters. These would include the 32 State and regional chambers of commerce comprising the Council of State Chambers of Commerce, the various State Taxpayers Associations and others. In proposing the establishment of this Commission, President Eisenhower did indicate it would include representation of the general public, but nevertheless we want to be on record in our belief that the interests of the taxpayers as a group must be represented on the Commission. Taxpayer representation on the staff of the Commission would also be desirable.

I might also suggest, in view of the tax problems involved in the proposed Commission's study, that the members to be selected from the Senate and House include representatives of the Senate Finance Committee and the House Ways and Means Committee.

STATEMENT OF VERBON KEMP, EXECUTIVE DIRECTOR, VIRGINIA STATE CHAMBER OF COMMERCE

Mr. KEMP. Thank you, Mrs. Harden and members of the committee.

In addition to representing the Virginia State Chamber of Commerce and the Council of State Chambers, I represent 13 other State chambers by their specific authorization. Mr. Osmer just mentioned the New Jersey State Chamber, which is one of them. Those State chambers have concurred in my statement.

You, of course, are familiar with the background of Federal aid and grants-in-aid, and so on. I would like to say for the Virginia State Chamber that we have been concerned with this matter for some time. We have a questionnaire that I would like to leave with you, which we issued last year to our 5,500 members. It is certainly imposing as a questionnaire and you can see the scope of it. It asks for their opinions on the Federal grants-in-aid in Virginia.

Included therein were certain grants-in-aid under the Veterans' Administration which normally are not included. The tabulation reflects 892 replies. I would like to file that with you to show the opinions of the leaders in Virginia. That is a supplement to the formal statement I have here.

(The questionnaire referred to is as follows:)

QUESTIONNAIRE

After filling in this series of responses please detach along dotted line and return to Research Department, Virginia State Chamber of Commerce, 111 North 5th St., Richmond 19, Va.

Department and program	Expenditure, 1951	Please check 1 column			
		Approve	Curtail	Discontinue	No opinion
<p>Agriculture: Agricultural experiment stations and research: Agricultural experiment stations promote research in agriculture, the rural home, and rural life. The program is supported through allotments made to the respective States.</p> <p>Cooperative agricultural extension work: Makes available to farmers, farm homemakers, and rural youth the results of research conducted by cooperating research agencies such as the Department of Agriculture, the land-grant colleges, and the county governments. Funds are distributed on the basis of rural population and matched by the State.</p> <p>Forest-fire cooperation: Provides services from the U. S. Forest Service to States and private owners of forest lands regarding sound forest-management practices.</p> <p>Agriculture conservation program: Authorizes payments through the Production and Marketing Administration to farmers for carrying out essential conservation practices.</p> <p>Roads and trails, National Forest funds: Under this program 25 percent of all receipts derived from national forests are paid to the State in which the forests are located. These funds are to be expended for the maintenance and construction of public schools, public roads, and forest roads and trails within the counties in which such forests are located.</p> <p>National school milk and lunch program: Provides, with State matching requirements, financial assistance to public and private schools, of high-school grade or under, operating nonprofit school-lunch programs.</p> <p>Research and Marketing Act of 1946: Promotes cooperative studies on ways and means of improving storage and transportation facilities, developing new uses for farm products, expanding marketing outlets, and better the marketing system generally.</p> <p>Removal of surplus agricultural commodities: Commodities of a perishable nature acquired by the U. S. Government through its agricultural price-support program are donated under this program to school-lunch programs, and to Federal, State, and local public and private welfare organizations.</p>	<p>Virginia..... United States.....</p> <p>\$283,656 12,258,555</p>				
	<p>Virginia..... United States.....</p> <p>903,377 31,142,379</p>				
	<p>Virginia..... United States.....</p> <p>236,477 9,907,175</p>				
	<p>Virginia..... United States.....</p> <p>5,120,601 318,094,081</p>				
	<p>Virginia..... United States.....</p> <p>35,816 8,478,385</p>				
	<p>Virginia..... United States.....</p> <p>2,010,668 78,244,616</p>				
	<p>Virginia..... United States.....</p> <p>30,729 1,435,728</p>				
	<p>Virginia..... United States.....</p> <p>429,951 19,374,144</p>				

FEDERAL GOVERNMENT EXPENDITURES TO STATE AND LOCAL GOVERNMENTS AND FEDERAL PAYMENTS WITHIN STATES TO INDIVIDUALS IN FISCAL YEAR 1951 (Excluding payments on account of Federal social insurance, pensions, payrolls, and loans)		QUESTIONNAIRE After filling in this series of responses please detach along dotted line and return to Research Department, Virginia State Chamber of Commerce, 111 North 5th St., Richmond 19, Va.			
Department and program	Expenditure, 1951	Please check 1 column			
		Approve	Curtail	Discontinue	No opinion
Agriculture—Continued Donation of agricultural commodities: This program uses Federal funds to divert certain agricultural commodities from the normal channels of trade in commerce, and by donations to provide low-income groups with such commodities, all on the theory of encouraging the consumption of such commodities.	\$893,335 40,766,128				
Farm housing program, repair and improvement: Outright emergency grants, up to \$500 to any one owner-operator, are authorized by this program for minor repairs to make farm dwellings and other farm buildings safe and sanitary.	1,500 209,650				
Commerce: Federal airport program: Grants are made through Civil Aeronautics Administration to local sponsors for projects at airports which are part of a national airport system capable of meeting the needs of civil aviation and nontactical military air operations.	422,206 30,388,414				
Highway-construction grants: The highway-construction programs under the Bureau of Public Roads provide funds through grants to States for the improvement of the Federal-aid primary, secondary, and urban highway systems; Federal-aid secondary or feeder roads, prewar Federal-aid grade-crossing elimination; access roads; highways on public lands, and forest highways, the latter in conjunction with the Forest Service.	8,284,520 419,231,938				
Interior: Wildlife restoration: Provides funds and assistance to the States and Territories in restoring wildlife and in working out better methods for its management.	157,680 7,828,628				
Migratory bird conservation: Payments are made to the counties in which the refuges are located to be expended for the benefit of the public schools and roads.	377 170,764				
Labor: Unemployment compensation and Employment Service Administration: Funds are granted to the States for administration of the State unemployment compensation and the employment service programs.	1,717,463 173,838,303				

FEDERAL GOVERNMENT EXPENDITURES TO STATE AND LOCAL GOVERNMENTS AND FEDERAL PAYMENTS WITHIN STATES TO INDIVIDUALS IN FISCAL YEAR 1951 (Excluding payments on account of Federal social insurance, pensions, payrolls, and loans)		QUESTIONNAIRE After filling in this series of responses please detach along dotted line and return to Research Department, Virginia State Chamber of Commerce, 111 North 5th St., Richmond 19, Va.			
Department and program	Expenditure, 1951	Please check 1 column			
		Approve	Curtail	Discontinue	No opinion
Federal Security Agency—Continued Aid to dependent children: Grants to States for the purpose of furnishing financial assistance to needy dependent children within the State.	Virginia----- \$3, 870, 587 316, 476, 899				
Aid to the blind: Grants to States for the purpose of furnishing financial assistance to needy individuals who are blind.	Virginia----- 404, 214 26, 195, 026				
Maternal and child-health services: Grants to States for extending and improving services for promoting the health of mothers and children, especially in rural areas and other areas of special need.	Virginia----- 369, 977 12, 854, 314				
Services for crippled children: Grants to States for extending and improving services for crippled children.	Virginia----- 257, 264 9, 665, 812				
Child-welfare services: Grants to States for establishing, extending, and strengthening, especially in rural areas and other areas of special need, child-welfare services for the protection and care of homeless, dependent, and neglected children in danger of becoming delinquent.	Virginia----- 146, 218 5, 538, 010				
Veneral-disease control: Grants to assist States and localities in establishing and maintaining adequate measures for the prevention, treatment, and control of venereal diseases.	Virginia----- 214, 748 9, 301, 492				
Tuberculosis control: Grants to assist States and localities.	Virginia----- 202, 568 6, 350, 000				
General-health assistance: Grants to assist States in supporting local health services and providing basic health services at the State level.	Virginia----- 313, 727 14, 234, 085				
Mental-health activities: Grants to States to assist in the detection, diagnosis, and control of mental illness.	Virginia----- 73, 500 3, 074, 429				
Heart-disease control: Grants to States to assist in the detection, diagnosis, and control of heart disease.	Virginia----- 18, 158 1, 359, 385				

Hospital survey, planning, and construction: Grants to States, local governments, and nonprofit agencies to defray part of the cost of construction of hospitals and public-health-center projects.	3, 631, 472	Virginia				
	108, 204, 301	United States				
Cancer control: Grants to States for the detection, diagnosis, and control of cancer.	50, 954	Virginia				
	3, 026, 908	United States				
National Institutes of Health: The National Institutes of Health foster and conduct fundamental medical and related research in the following specializations: Heart, dentistry, cancer, mental illnesses, arthritis, rheumatism, metabolic diseases, neurological diseases, blindness, and microbiology. Grants to the States for construction of facilities, and to medical schools and other institutions and to individuals for research and training are provided through these institutes.	154, 460	Virginia				
	26, 194, 621	United States				
Division of Research, Grants, and Fellowships: Fellowship grants to institutions, private and public, and to individuals for research projects upon the recommendation of the National Advisory Health Council.	100, 149	Virginia				
	5, 909, 083	United States				
Water-pollution control, industrial-waste studies: Grants to State and interstate water-pollution agencies to assist in the conduct of surveys, studies, investigations, and research related to the prevention and control of water pollution caused by industrial wastes.	17, 300	Virginia				
	866, 853	United States				
Office of Vocational Rehabilitation: Grants to prepare physically or mentally disabled persons whose disability constitutes an employment handicap for suitable remunerative employment.	323, 320	Virginia				
	16, 127, 246	United States				
Maintenance and operation of schools and school construction: Payments to local educational agencies overburdened by Federal activity in their vicinity by reason of the fact that (1) The revenues available to such agencies from local sources have been reduced as the result of the acquisition of real property by the United States; or (2) such agencies provide education for children residing on Federal property; or (3) such agencies provide education for children whose parents are employed on Federal property; or (4) there has been a sudden and substantial increase in school attendance as the result of Federal activities. In general, these payments are made to the extent that such Federal activities have overburdened the local educational agencies.	982, 989	Virginia				
	17, 005, 450	United States				
Housing and Home Finance Agency: Annual contributions: Federal contributions to cover operating deficits of housing projects developed under the United States Housing Act program.	82, 822	Virginia				
	9, 014, 437	United States				
Civil works programs:						
Rivers and harbors: Includes navigation improvements and aids such as dredging new channels and the widening and improving of old ones, establishment and maintenance of lighthouses, buoys, etc., examination and surveys of navigable waters, and the protection of navigable waters which involves bridges, piers, navigation dams, etc.	2, 140, 000	Virginia				
	190, 869, 298	United States				
Flood control: Includes dams for flood-control and hydroelectric power production which is incident to flood dams.	23, 310, 000	Virginia				
	420, 735, 049	United States				
Total	90, 812, 390	Virginia				
Total	5, 437, 716, 269	United States				
NOTE.—In addition to the programs shown above, in which Virginia participates along with the other States, there are certain other grant-in-aid programs in which Virginia does not participate. In 1931 these programs involved total payments of \$24,017,892.						Name of firm Signature

How 892 Virginia State Chamber members voted on Federal spending programs (dealing principally with grants to States)

Group	Nature of program	Number of program	Percentage of membership voting for		
			Discontin- uance	Curtail- ment	Approval
1	Defense.....	1	3.0	28.3	68.7
2	Conservation of natural resources.....	5	17.5	31.9	50.6
3	Highways and airports.....	2	18.9	41.5	39.6
4	Payments arising from federally created problems.....	4	21.4	22.1	56.5
5	Education and allied programs.....	10	25.5	37.2	37.3
6	Social insurance, welfare, health, etc.....	18	27.2	27.7	45.1
7	Flood control.....	1	28.0	48.4	23.6
8	Direct handouts.....	6	58.4	25.6	16.0
	Total.....	47	28.6	30.5	40.9

NOTES

- Group 1 covers Federal payments for national guard units.
- Group 2 includes payments to States for wild-life restoration and conservation; forest fire cooperation and water pollution control; and rivers and harbors navigation improvements projects.
- Group 3 covers Federal grants for highways and airport development.
- Group 4 embraces payments for public schools in certain areas where Federal installations have created unusual school problems; refund to States of certain receipts from national forests, and from licenses and lease rights on federally owned lands.
- Group 5 covers grants to State agriculture and mechanical colleges, vocational education, education of the blind, and veterans' unemployment, self employment and educational benefits.
- Group 6 covers the public assistance programs for the aged, blind, dependent children, and disabled; also child welfare and health services, hospital planning and construction, administrative costs for State employment and unemployment programs, and a variety of health control and health research programs.
- Group 7 covers expenditures for flood control and multipurpose dams producing electric energy.
- Group 8 includes payments to farmers for conservation practices, national school milk and lunch program, donation of agricultural commodities acquired under price support programs, farm and public housing programs.

Mr. KEMP. Our concern over the drift in intergovernmental relations has been not only because of their growing complexity, but also because of the constant trend towards centralization of government functions, authority and fiscal responsibility in the National Government. Of course, you also know what President Eisenhower had to say about that in his campaign addresses.

Federal grants-in-aid to the States have played a large part in the trend toward centralization of government in Washington. We feel that if this trend is to be halted and reversed, the Federal grant-in-aid system is the right place to start.

There should be no further delay in examining the Federal grant-in-aid activities with a view toward allocating responsibility for various functions and services now financed by grants to the proper level of government.

I call your attention to the understandable illusion which has grown over the years in the minds of many that the grants-in-aid received by the States are free money. Of course, we know as a fact and a truth the money paid out by the States for these programs must first come to the Federal Treasury in the form of taxes paid by the people of the States.

We feel strongly that in its efforts to find the revenues to provide for ever increasing grants as well as for other expenditures, the National Government began to utilize tax sources which more appropriately belong to the States and localities and can more effectively be utilized by them.

This, in the words of the Hoover Commission—

makes it more difficult for State and local Governments to secure their own revenue, and hence stimulates pressure from more and more groups for more and more grants.

I think that is a pertinent statement that should be considered.

We therefore thoroughly approve the House bill 4406, as amended in the Senate by Senate bill 1514. Those amendments you are familiar with.

There is one thing in conclusion I do want to emphasize, Mrs. Harden. This is the fact that taxpayers and business people as a group have a paramount interest in this matter. It is important, in our judgement, that various levels of Government have representation on the Commission because of their administrative responsibilities, but it is equally important that the taxpayers be directly represented. Such representation might be selected from groups which have been active in the field of Federal, State and local fiscal matters. These would include the 32 State and regional chambers of commerce comprising the Council of State Chambers of Commerce, the various State taxpayer associations, and others.

Although in proposing the establishment of this Commission, President Eisenhower did indicate it would include representation of the general public, we, nevertheless, want to be on record in our belief that the interests of taxpayers as a group must be represented on the Commission. Taxpayer representation on the staff of the Commission would be desirable in our judgment.

I might also suggest, in view of the tax problems involved in the proposed Commission's study, that the members to be selected from the Senate and House include representatives of the Senate Finance Committee and the House Ways and Means Committee.

I thank you for the privilege of being here and the privilege of addressing you out of order in order to make a plane.

I would be glad to answer any questions you may have on our position.

Mrs. HARDEN. Mr. Kemp, does your constituency consider the bill that passed the Senate, adequate?

Mr. KEMP. Yes. As amended.

Mrs. HARDEN. How urgent does your group consider the passage of this legislation?

Mr. KEMP. I do not know in terms of urgency. In terms of need I would say it is an essential piece of legislation. How urgent it is I do not know. I think it is fundamental to the changes that we feel are going on in Washington to return some of the functions of government to the localities and to our traditional stand of States' rights. It is fundamental, and to that extent I would say urgent, in my judgment.

Mrs. HARDEN. Have you any questions, Mr. Meader?

Mr. MEADER. No.

Mrs. HARDEN. Mr. Osmer's?

Mr. OSMERS. Mr. Kemp, do you think we will need the subpoena power in our work or not?

Mr. KEMP. I would not know.

Mr. OSMERS. But you do not know of any instance?

Mr. KEMP. I would think so, but I do not know. I would not have an opinion to express. However, we think you need all of the powers that are necessary to get the job done, because it is an essential problem, in our judgment, that is, this matter of intergovernmental relationships.

Mr. OSMERS. That was the only question I had, Mrs. Harden.

Mrs. HARDEN. Do you have any questions, Mr. Ward?

Mr. WARD. No questions. Thank you.

Mrs. HARDEN. Thank you so much for coming, Mr. Kemp, and for the fine statement you have given us and the highlights of it.

Mr. KEMP. Thank you. I appreciate your graciousness.

Mrs. HARDEN. When the committee recessed this morning we were listening to Congressman Harvey's splendid statement. Because of his vast experience on this subject from the State level I am sure we are eager to hear him continue.

Congressman Harvey.

FURTHER STATEMENT OF HON. RALPH HARVEY, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF INDIANA

Mr. HARVEY. Thank you, Mrs. Harden.

When I left I left copies with all of you, I think, of the report of hearings that were held before the Joint Committee of the House and Senate in 1949. If you have those copies before you there are some references I would like to make that I think would be most pertinent.

As I was saying when our hearing was interrupted this morning, it is rather unusual in this instance to have had a Commission on Intergovernmental Relations working from the lower level up. There has been a lot of consideration given to the problem as we are now facing it, from the top level down, but this represents as far as I know a unique experiment and experience in looking at the problem from the local level, and I like to think that the work was rather well done.

Much of the material in here will merit the study not only of this committee, but of the Commission which I am sure will be established. Having had the opportunity to listen to Congressman Halleck in his testimony this morning with regard to his bill that is pending, and which undoubtedly will be the one that will be approved and presented to the House, I would like to have most of my testimony bear upon some facts that I think are pertinent to the need for it, and which I hope will be helpful to the committee.

If you will turn to page 165 of the hearings you will see that we have listed there, beginning about the middle of the page, some present and potential areas of intergovernmental cooperation in Henry County. We have set forth there several of the problems that in my opinion, particularly when you get down into subsection 2 under II, several areas where you will find the problems as we looked at it from the local level to the national level, that will undoubtedly be of importance to the Commission in considering recommendations to the Congress.

Then turning over to pages 167 and 168 in this report you will find a listing there of so-called intergovernmental revenues and so-called grants-in-aid. This was for 1944. We assembled this material in 1945. You will notice that the grants-in-aid for this county alone

from the various sources, which includes and is broken down as to Federal and State, brings a grand total of \$436,272, which, when you consider it in terms of just an average sized county that is about equally divided between its industrial and agricultural areas or incomes, is a pretty substantial sum.

It brings right to your attention the impact on the local level of these sources of revenue. You can see here from the breakdown such as in Public Welfare, tuition support which comes from the State, your vocational reimbursement, so-called school relief, Agricultural Extension Service and Public Health, the various types of what you would term local grants-in-aid.

Then we go into the State-Federal agencies that are operating in the county, but not in the same sense that they are receiving grants-in-aid as you would think of public welfare. In other words, they are not administered by locally elected officials.

You have another considerable breakdown of funds which brings the total to \$1,157,470.

Then turning over to the next page you have listed types of programs, where the Federal Government has direct loans out with people within the county, all of which, of course, are part of the impact on the Federal budget.

I might add, just in passing, that item No. 4 on page 168, the REMC, you can see at this time, the loan had been partially liquidated. Nearly a half billion dollars had been loaned to our Henry County REMC of Federal funds. Just last week that loan was amortized in full and it was the first of the county loans in the whole United States to be amortized. That is significant to me because as a factual matter, not that there has not been a great deal of debate about the pros and cons of it, but it has proved in other words that whether you believe in the program or not it does not necessarily follow that because you did not believe in the programs that they were not sound financially.

Mr. MEADER. Might I suggest that for the record and for the benefit of posterity who might not know all of these alphabets Congressman Harvey is using, that he might enlighten us on what REMC is.

Mr. HARVEY. I am sorry, Mr. Meader. I probably should have done that. That is your Rural Electrical Membership Corporation, which is a local division of REA. If there are any of those other agencies or alphabets that you do not understand I would be happy to explain them to you.

Then coming on down lower on the page there on page 168, there is a rather interesting breakdown of revenue collected in Henry County. If you look at it, particularly the second section of Henry County for 1944, and coming down through that, you will find when you get to items 8, 9, 10, and 11—the last 4 items there—that you pick up a total of about \$8 million. That \$8 million is Federal tax out of a total of \$11 million.

There are several very logical conclusions that I think you can get from that. One is that it is definitely an established fact that today Federal taxes far outweigh the cost of maintaining local government. Most of our State revenue is paid through the form of gross income taxes, which is our method of maintaining our schools in Indiana. So you have this breakdown not only of Federal money, but most of the money paid in the form of State taxes to support State government.

You will see that even that represents a rather modest share of the total amount of taxes.

I have had some years of experience in fiscal affairs and tax matters and I am not going to be in the position of drawing blanket indictments at all. However, I do want to say this: That in my judgment we have been, all of us, I suspect, a little guilty—and to some of you this may seem heresy—a little guilty in saying that while we paid in, for example, in Henry County, \$11 million and only got \$436,000 back, the assumption being that they are not getting but only a fraction back of all they paid out, so in some manner or other we were bilked, forgetting the fact, as I tried to emphasize to my folks, that we do not expect in supporting a Federal Government—and it is a very, very expensive proposition—to get back a dollar from Washington every time we send a dollar here.

However, I think it does emphasize, that is, this fiscal picture as it affects one county—and it is a rather typical county—that very likely the Federal Government could very logically divorce itself from some of these programs and permit the States and counties and cities to carry on the program themselves from their own tax sources and in the fashion that they deemed best.

I think I should explain that the first 5 years after I graduated from college I taught under the Federal-aid program. So I have had a little personal experience with these so-called Federal-aid programs. The experience that I have had is briefly this:

In the beginning probably many of these vocational types of programs would not have been established without an incentive, which was undoubtedly the purpose originally in setting it up. But, I do know this too: That the long arm of the Federal Government reached clear down to that little township school and so directed the expenditure of their share of the funds that the whole high-school curriculum had to be built to conform to the classes which I taught. It is further evidence to me not that the Federal Government should not follow to its final destination the dollars it grants, but that in many instances it does make for an unworkable type of program, and I think emphasizes again the need for us to look at our whole efforts on the Federal level and determine whether or not we could not well turn some of these programs over to the State and its subdivisions for administering, and where it would be more satisfactory to everyone concerned.

You have been very kind in giving me your attention and I just want in conclusion to call your attention to page 146 of our hearings and to our findings there. I will read from there.

I think it is rather significant in view of the statement you will find there because this was before, to the best of my knowledge, it had been presented seriously at the Federal level. It is as follows:

We had found local, State, and Federal officials ready and anxious to pool our resources and search for better ways to utilize present services efficiently and develop new ones without overlapping and gaps. In view of these experiences and beliefs we strongly urge early passage of a bill setting up a National Commission on Intergovernmental Relations which will utilize the talents of citizens as well as public officials. We feel that such a national Commission will help speed development of a self-tightening gearing process which will enable our local, State, and Federal governments to effectively meet the ever-changing and ever-growing problems.

We are convinced that new achievements lie ahead for our form of self-government if we accept with deep faith and adventurous spirit the opportunities and responsibilities facing us.

I had a part in helping to draft that some 9 years ago, and I think it is particularly interesting to me that it does have something of a prophetic import.

I would be glad to answer any questions you might have.

Mrs. HARDEN. Mr. Harvey, do you feel that the Halleek-Taft bill provides for the essential points in your own bill?

Mr. HARVEY. I think so. Yes; I think insofar as the purpose of both is concerned it is probably, I might even say, a better bill. It has had more screening and more thought and consideration.

Mrs. HARDEN. The next question is, Do you feel it is urgent that Congress act on this matter this year? I believe your reading the statement from your hearings here answered that perhaps, did it not?

Mr. HARVEY. I think so. Yes. It is not urgent possibly in the same sense that we would have to have action on it in the next few months, or in a year, to prevent serious repercussions. It is more in the nature, I would say, of a chronic problem rather than a new one; and that the mere fact that it is a chronic one has been probably one of the reasons why it has been permitted to dawdle along as it has.

Mrs. HARDEN. Do you have any questions, Mr. Meader?

Mr. MEADER. Yes, Madam Chairman.

I was very interested in your statement, Representative Harvey, and I can see that you have given a great deal of personal thought to it, even extending apparently to the time before your service in Congress and then later as a former member of this committee.

Mr. HARVEY. Thank you.

Mr. MEADER. I think sometimes we in Congress are prone just to deal with general ideas and objectives. We are so concerned about the broad policies that we do not take the care in drafting legislation that perhaps we ought to. That is what I would like to direct your attention to for a few moments, because I am concerned about some of the features of the Senate bill and the Halleek bill. I do not know whether you were here when I raised certain questions with Representative Halleek this morning.

Mr. HARVEY. Yes; I was.

Mr. MEADER. I am concerned about the lack of the subpoena power; the requirement to follow civil-service rules, laws, and regulations in the selection of the staff; and I am also concerned about the description of the mandate of the Commission. I have a feeling that it is not as broad as it ought to be if the job we all have been talking about is to be accomplished. I would like to have your comments on those points.

Mr. HARVEY. I would be very happy to comment on them. It is my thinking with regard to the subpoena that it would probably not be necessary. I am of the opinion that the people most vitally concerned are those who are interested and are active in State and local government, and that there is such a wealth of information to be had without subpoena, that I would not offhand be of the opinion that subpoena powers should be necessary.

It might be possible, as you expressed it, that the mandate might be a little more strongly worded.

Would you be kind enough to point out in the bill a specific section, Mr. Meader?

Mr. MEADER. Well, I read your bill over for the first time this morning while you were testifying. I have a feeling that H. R. 4848,

your bill, does make it a little plainer just what this Commission is supposed to do.

The thing that disturbed me was the language of section 3 (b) under "Duties of the Commission" of the Senate bill S. 1514. That is on the bottom of page 3 of the version I have. It may be different on yours.

Mr. HARVEY. Subsection (b) of section 3?

Mr. MEADER. That is right. "Duties of the Commission."

Mr. HARVEY. Yes.

Mr. MEADER. It seems to be pitched on Federal aid and investigation, I suppose, of Federal grants-in-aid programs. That seems to be to me only one phase of the question of relationships between the Federal Government and the State and local governments.

Mr. HARVEY. I am inclined to agree with you. I feel on the basis of our findings out there that the Federal-aid phase of the whole problem is only 1 facet or 1 segment. There are many other problems, as I think we set forth in our report here, as you will notice.

We went into detail, breaking down certain communities as to the evolutionary thing that had happened to a certain community over a period of 50 years to indicate how it had changed in its makeup. Since it is a typical county the facts that we learned there are of national importance, and it was our thinking that the so-called Federal-aid phase, while it was important, was probably only one segment of the problem.

Mr. MEADER. Now the remainder of it as to the mandate of authority, by putting in section 3 (a), "The Commission shall carry out the purposes of section 1 hereof," is rather a loose way of describing a mandate, it seems to me.

Mr. HARVEY. Yes. The concluding statement back there in the opening section says:

It is further necessary that intergovernmental fiscal relations be so adjusted that each level of government discharges the functions which belong within its jurisdiction in a sound and effective manner.

I hope I will not be considered unduly critical if I say that that is sort of a platitude.

Mr. MEADER. Yes. And I suppose that is about the only thing that could be called an objective, that is contained in section 1. The rest of it is more or less argument, as I see it. It says:

Because existing confusion and wasteful duplication of functions and administration pose a threat to the objectives of programs of the Federal Government * * *

That is not an objective, or a purpose. It seems to me it is pretty hard to call section 1 a statement of purposes of the Commission.

Mr. HARVEY. We approached it in a little bit different fashion in section 3 of my bill on page 5. I have given a broader approach to the problem.

Mr. MEADER. Yes. You have a list of five specific areas of investigation.

Mr. HARVEY. And I think that is in answer to your question.

If I might humbly suggest to the committee—and I know that you are under some pressure, if that is the proper word, to accept the bill as passed by the Senate—certainly it is worthy of your consideration that the objectives be set forth in a little clearer fashion and broader fashion.

Mr. MEADER. Another point I raised dealt with civil service—the Commission is given a deadline of March 1, 1954, meaning it will probably have to do its whole job in less than 9 months. Do you think they ought to have their hands tied by having to recruit their staff through civil-service procedures?

Mr. HARVEY. It would be my judgment; no. I think it is going to be a very tough job, and if I were on the Commission I would welcome the opportunity to recruit the staff. It will only be a small staff. After all, there will not be very many people involved actually, and there should not be.

I think there are so many people whose background and talents would make them available that in my interpretation civil service has its greatest value in protecting and solidifying the service of a career men in Government, and this certainly will not be a career-type job.

Mr. MEADER. I was a little surprised to hear you say that there would not be a large staff. Do you have some basis for saying what kind of a staff this Commission is going to have?

Mr. HARVEY. No. I was only speaking of what my judgment would be in the event that the legislation is passed and a staff is recruited.

Now, Mr. Meader, I think you will agree that we had in this effort here, the Commission itself, as I told you, were unsalaried, and I think were pretty broadly selected to represent all the people that worked. The Commission is listed on page 146 with their background. We had only two paid members on our staff, and I think we accomplished a great deal.

Mr. MEADER. You probably drew upon county officials and State officials.

Mr. HARVEY. No. We had some county officials on the Commission, but they only served as commissioners and not as staff members. My estimate would be that a staff of 15 to 20 people should be adequate.

Mr. MEADER. I am surprised to hear you say that a staff that small is going to attack this huge area of problems that everybody agrees needs to be clarified, and be able to accomplish much in 9 months. We have a very small staff on this committee, and I would like to say right here that I think the staff, even in the short time we have been in business in the 83d Congress, has done a pretty good job in delving into questions in this field. It is a very interesting and a very difficult field.

My own view is that we in Congress ought to have the courage to build up our fact-finding instruments—our investigative staffs—and find the facts and legislate on the basis of those facts, and not pass the buck to a newly created commission. But, if we are going to create a commission and give them this broad authority, then it seems to me they have to have some helpers to go into it.

You are going to have more Commissioners than you have staff if you do not have a staff of 25 people.

Mr. HARVEY. If you will pardon this personal illustration—and I think it is a worthy one—Mr. Ward remembers, I know, the incident when our subcommittee drafted the legislation establishing the agency which we know as the General Services Administration. The study for that and the recommendations came in part from the Hoover

Commission recommendations. But that work was implemented with a rather modest staff.

We have this problem, as I see it, which is the function of the Commission, to give an overall viewpoint to the problem and to come up with recommendations; and then it will be the duty of the proper legislative committees to implement them. It could very well be possible, George, in my judgment, that you might have to have a larger staff to carry out the recommendations than you would to formulate them.

Mr. MEADER. My feeling is that if this job is too big for a committee of Congress to handle, and we have to set up a separate Commission to explore the subject and decide what ought to be done, that they ought to have the proper financial support to acquire a staff and go into this whole field and come up with some intelligent recommendations. If it is not going to be that then I do not have much enthusiasm for the Commission idea.

I do not have any enthusiasm for it in the first place. I think it is bad legislation. I think we ought to back up our legislative committees and let the committees do the work.

However, the only sales point to me is that as a practical matter the Commission will get the money. The Hoover Commission got \$2 million and that is why I could be inclined to go along with the bills before us. But if we have the feeling that the subject has been studied fully and the facts are all developed and all they have to do is set up a Commission of individuals with high titles, to give weight to the recommendations which are already worked out, then I do not think much of that kind of a setup.

Mr. HARVEY. I may be getting outside of my field, and I probably am; but again I would say that my approach to it would be if I were part of the Commission—and I probably will not be—that the staff and the Commission itself can and will be able to draw upon officials at State and local levels to assist them in getting a great deal of the necessary information.

I think that whereas you might have, we will say, just as an example, 20 staff members—men who are competent in their fields—they could well have two or three hundred people assisting them without pay as officials in one capacity or another.

Mr. MEADER. Let us take a specific situation, because I think it is always helpful to talk about specifics rather than generalities.

I have been concerned about a problem in this field arising in my own district in the city of Adrian. We built an aluminum plant there during World War II. The title held by the Defense Plant Corporation has now been turned over to the Air Force. I guess the deed has passed from the Reconstruction Finance Corporation to the United States Government.

The ruling of the Comptroller General is that the Federal Government cannot pay local taxes to the city of Adrian, the county of Lawrence, or the school district.

Working with Mr. Ward and some others I have made a partial study of possible legislation. There are some 12 or 13 bills, I understand, now before the Interior Committee, which will go all the way from authorizing taxation of a military reservation by local taxing authorities to some of a much more limited character, similar to the one I have been having under consideration. The reason I have not

introduced that legislation—and it may be introduced by a colleague—is because I have some very serious doubts about the precedent that might be established where one sovereignty taxes another sovereignty. I have had some agitation for State employees to be covered under social security. I understand it would be unconstitutional for the Federal Government to levy a tax on the payroll of a State, which is also a sovereign governing unit.

There are a lot of knotty problems in just that one little specific phase of this whole question of intergovernmental relationships. I do not see how anybody is just going to sit here and not do some real digging—digging into the law, perhaps. I think there is more law involved here than anything else. It is a very delicate field of relationships in our peculiar Federal system of dual sovereignty.

On the one hand we have here the State government which is sovereign, and on the other the Federal Government, both operating on the same citizens and upon the same geographical area, but in different government fields. What we are doing is dealing in that relationship between these two sovereign independent governmental units.

I think when you monkey around in that field you are dealing with a dangerous proposition. I think the Supreme Court has steered away from trying to define more clearly the relationship between a sovereign State and a sovereign National Government.

If somebody is just going to go into this delicate question with 20 staff members and 25 high-powered individuals and come out with some recommendations, I would be very dubious of how useful that will be.

Mr. HARVEY. One of the first objectives we tackled at our local level was an interesting one to me. We had the Veterans' Administration functioning there and in anticipation of the end of the war we had also established a State plan establishing veterans service officers in the various counties of our State.

Well, there we had 2 agencies, 1 Federal and 1 State, both operating within the same area. We made a distinct effort to attempt to get either the Veterans' Administration to permit our State agency to carry out their duties, or vice versa, as a matter of just simplicity in Government to get that eliminated.

Well, we never got any place, and although we made a lot of trips and even came to Washington and talked to the Administrator here, he pointed out the fact that he was governed entirely by laws written by the Congress and that he had no authority to deviate from that.

So you get into specifics, as you have stated there. Using that as an example—and possibly it is not a very good one—but you would not expect the Commission going into it and possibly viewing that as just one example, and coming back with a general consent agreement from the various States that we recognize this and we are willing to assume the responsibility, and making a definite recommendation—then it would certainly be up to the proper legislative committees of Congress to carry out the recommendations.

Maybe I have the whole concept wrong, George, but that is my idea, that these folks can come up—the Commission could and should come up with some very definite recommendations, and then it will certainly be the duty of the proper legislative committees of the Congress to implement them.

Again, as I say, it may take more staff members and more money to implement these recommendations than it will to make the findings.

Mr. MEADER. That is all I have.

Mrs. HARDEN. Mr. Osmers, do you have any questions?

Mr. OSMERS. I think Mr. Harvey has made a very fine and well informed contribution to our deliberations. I have no questions.

Mrs. HARDEN. I do know what a very valuable member Mr. Harvey was to the Indiana State Legislature, and what a great service he did for our State of Indiana while serving in that capacity.

Mr. HARVEY. Thank you.

Mrs. HARDEN. The committee is very grateful to you for coming here as a former member of this committee and giving us the benefit of your vast experience. Thank you so much.

Mr. HARVEY. Thank you very much.

Mrs. HARDEN. Our former colleague, Mr. O. K. Armstrong of Missouri, is deeply interested in H. R. 4406, H. R. 992 and related bills. We are pleased to obtain an oral statement from him at this time.

Mr. Armstrong.

STATEMENT OF O. K. ARMSTRONG, A FORMER REPRESENTATIVE IN CONGRESS FROM THE STATE OF MISSOURI

Mr. ARMSTRONG. Madam Chairman and members of the committee. I am going to speak very informally. I do not have a prepared statement except for some notes. The matter has been gone over rather thoroughly and I think quite effectively.

May I say that I am speaking only as a private citizen and as one very interested in the two bills presented here.

I take it, Madam Chairman, you are considering also the so-called Brown bill?

Mrs. HARDEN. Yes, we are considering H. R. 4406, 992 and all the related bills.

Mr. ARMSTRONG. Offered by the distinguished gentleman from Ohio, Congressman Brown.

May I just say in connection with both bills that I hope very much they will be given favorable consideration and report by this committee and by the House. I took part in the hearings before the Senate committee on these two bills. The question was raised as to whether it would be advisable to combine the 2 and make 1 Commission study cover the whole thing. There was some sentiment for that. However, on close scrutiny it will be seen that each bill has its separate field and the cost of either Commission and its work would be very small compared to the enormous savings that will be brought about if the Commissions succeed in their purpose.

May I say further that there is no conflict between H. R. 4406 and H. R. 992. The Taft-Halleck bill deals with the basic proposition of Federal-State relations in fiscal affairs, meaning primarily taxes and the sources of revenue, and the allocation of Federal income to grants-in-aid to the States.

The Ferguson-Brown bill deals with a further study of the organization, functioning and costs of the Federal Government, with emphasis upon determination of what services of the Federal Government are essential to the welfare of the people, and what are not.

May I say that my interest in these bills goes back to my experience in the legislature of my State of Missouri. In the 1933 session of that assembly I had the honor to serve as a member of the newly formed Council of State Governments. One of our original projects was to study the functioning of the Federal Government in its relation to the States and to determine upon programs that would eliminate duplication of activities and functions as between the Federal Government and the States.

I believe it was in 1935 that we launched the first study of overlapping taxation, with a view to eliminating duplication of overlapping taxes as between the Federal Government and the States.

That proved to be a tremendous task, and bigger than the Council of State Governments or any State Legislature could accomplish without a general commission. That is why I believe that this Halleck bill is on the right track in providing for a Commission.

Now, I was greatly interested in the questions and remarks of the distinguished gentleman from Michigan, Mr. Meader. I have the feeling that the duties and the functions of this Commission proposed under the Halleck bill should be spelled out more clearly. I offered to the Senate committee a proposed amendment which said:

The Commission shall study and investigate the sources of public revenue which provides support for the activities of the Federal Government, of the States, and of the political subdivisions of the States, and shall recommend improvements in fiscal policies in order to define more clearly the fields of taxation between the Federal Government, the States, and the local units of government, with a view of eliminating or alleviating duplication of taxation that causes unjust burdens upon various sources of public revenue.

The Senate committee in its wisdom took all of the suggestions for amendments and apparently lumped them into this one subsection (a) under section 3, which simply reads:

The Commission shall carry out the purposes of section 1 hereof.

That seemed to be perhaps the most convenient way of covering these additional duties that had been suggested in the hearings over and above the principal duties set forth, which was to study and investigate all of the present activities in which Federal aid is extended to the State and local governments.

If this committee in its wisdom, and the House, see fit to pass the Senate bill with that wording, I hope it will be made entirely clear that the purpose of subsection (a) covers the entire purpose as expressed in the preamble. I am not speaking critically of the action of the Senate committee, but just in the hope that these things that need to be carried out in this study, will be namely, the study of the fiscal policies with particular relation to the overlapping and duplicating taxes, and the allocation so far as possible of the sources of revenue to the Federal Government and to the States and their subdivisions. Furthermore, that there will be included in this the study of what functions should be carried on by the Federal Government, and what should be carried on by the States. If that is done then I think the purpose of the bill will be covered.

Before I leave this and mention the Brown bill, may I say that I agree entirely with what seem more to me to be the sentiments of the gentleman from Michigan, Mr. Meader. I do think that in the selection of personnel this Commission should not be controlled by the civil service law at all. They are going to have to select the personnel

quickly. In my opinion the minimum requirement would be 50. I cannot speak for the sponsors of the bill whatever, but it just seems to me that the work is going to have to be done so hurriedly and yet so thoroughly, and with experts, that it would be tragic to wait perhaps 3 months to bring in these people, and under security check try to secure personnel for this Commission.

In regard to the Brown bill, H. R. 992, it seems to me that the best thing about this very meritorious proposal is this: Its commission would seek an answer to the question: "Should or should not this activity be carried on by the Federal Government?"

The high purpose and the greatest accomplishment of the Hoover Commission, established by the 80th Congress as a bipartisan effort, was to bring about better organization within the Federal Government, with resulting greater efficiency, and to some extent greater economy of cost.

The new Commission hereby proposed would extend the work of the Hoover Commission by further proposals to eliminate duplication, consolidate services, limit functions of government, and the like; but it would accomplish its most important work in determining whether or not any given service should be retained, modified or abolished.

I had the honor to serve as chairman of the committee on governmental organization in my State assembly in 1943-44, and at the same time as a member of the Council of State Governments under the chairmanship of the then Governor of Minnesota, the Honorable Harold E. Stassen. In our State we launched a sweeping reorganization of boards and commissions based upon mandates of a constitutional convention. It was our experience, as it is often the experience of those who serve in State assemblies, or on commissions appointed to survey State governmental services, to find that by combining boards, bureaus and commissions, we do not necessarily bring about the expected economies and lowered costs. Some efficiency may be gained, but almost invariably the cost stays the same, or perhaps increases. And why? Because we have learned the only way materially to reduce the cost of government is to reduce the services that are rendered.

When you get down to determining if a public service is necessary, or whether it is needless and, therefore, a burden upon the taxpayers, then you reach the point where you can give the taxpayers the relief that they deserve. I hope that from the study and recommendations made by the Brown bill there can be established a new method of drawing up the Federal budget. It should become the practice to require every agency of the Federal Government to come in and justify their requests. Not because they want to expand, or claim to need so much money, but on the basis of what they are doing for the public and whether the public needs their services.

In conclusion, Madam Chairman and members of the committee, may I say that I am glad that this is not considered a partisan proposal. I am confident that President Eisenhower, who has urged particularly the Taft-Halleck proposal, will select personnel not because they are Democrats or Republicans, but because they are genuinely interested in serving the public.

In the Brown bill as amended by the Senate, provision is made for bipartisan membership. However, when a party is in power it must take the responsibility of leadership in good government.

I made many speeches during the campaign, and in every one of them so far as I know I advocated that there should be a reduction in the cost of government if it can be done without sacrifice of any needed services. I would be strongly in favor of all this work being done by the regular committees of Congress if I did not believe that you distinguished members of these committees—and from my little experience in the Congress I know how burdened you are—if I did not believe you are already overburdened with your regular tasks.

Therefore, I would like for you to consider that this Commission is simply a servant partly of the Congress, and partly of the States and all of the people; and that their work will have to be highly concentrated, but that it can result in making good the promises of all of us, whether Democrats or Republicans, that we would work for the reduction of the cost of government if it could be done.

Mrs. HARDEN. Thank you, Mr. Armstrong, for your continued interest in this important legislation and for your very fine statement.

Do you have any questions, Mr. Meader?

Mr. MEADER. No, I do not.

Mrs. HARDEN. Mr. Osmer's?

Mr. OSMERS. No, I do not have any. It is a fine statement.

Mrs. HARDEN. Mr. Ward, do you have any questions?

Mr. WARD. No, thank you.

Mrs. HARDEN. Thank you so much for coming, Mr. Armstrong.

Mr. ARMSTRONG. Thank you.

Mrs. HARDEN. Our next witness is Mr. Keith L. Seegmiller, executive secretary of the National Association of County Officials.

We have had an opportunity to review your prepared statement, which will be placed in the record, Mr. Seegmiller, so that it will not be necessary for you to read it. Will you highlight it for the subcommittee, and then we will ask you a few questions?

STATEMENT OF KEITH L. SEEGMILLER, EXECUTIVE SECRETARY, NATIONAL ASSOCIATION OF COUNTY OFFICIALS

Mr. SEEGMILLER. Thank you, Mrs. Harden and members of the committee.

The National Association of County Officials has had a relatively long concern, I believe, in this matter of intergovernmental relations. In fact, the National Association was created in 1936 by a group of county officials who at that relatively early date were concerned about the centralization of the powers of the Government. They created the National Association as an instrument for them to use in the hope that they could do something about centralization, which they thought was not altogether good.

That idea of concern about this trend toward centralizing the powers has been the central idea of the association continuously since 1936 when it was organized. Throughout the years we have endorsed proposals which it seemed to us would prevent undesirable centralization, or perhaps reverse the trend and get some of the powers back closer to the people where they belong.

We have proposed studies of the caliber proposed by the bills now before this committee. We have not been under any illusions that there would be a return to the so-called good old days. Times have changed and there probably are some necessary and wise realignments of the functions of Government that are necessary.

We have felt, however, that the realignments actually taking place have not been well planned, and have not been wise in all circumstances; and at least in many cases powers have gone to the State and Federal capitals which should have been kept back in the local and State levels, let us say. There is that much of our general thinking.

That leads up to a specific endorsement of a proposal for the commission study of the kind presented in these bills before us. We participated in a conference at the White House in which we endorsed the idea there before the bill was actually introduced, but the bill turned out to be exactly the same idea we discussed there.

The principal thing we are interested in is not necessarily a study, but getting something done. We have been asked a lot of questions in this field and could not provide the answers; and other people apparently cannot provide the answers, so we are convinced a study is needed to get some of the answers.

We have felt that amended S. 1514 would be the preferable bill. That is based on my construction of the bill, which may be wrong. I had construed that, as amended, to be a bill calling for a general comprehensive study of the entire field of intergovernmental relations. I had based that on what has been described here as perhaps a very loose way of doing it, on the view that section 3 (a) called for carrying out the purposes of section 1, and that would provide a very broad mandate. True, it is not spelled out as well as it should be, but whether my construction of S. 1514 is right or not, our view would be that the study should be a broad and comprehensive study of the entire field.

We think it would be a mistake to limit it to grants-in-aid. That is one phase, but I doubt that even that subject could be intelligently studied if carved out from the whole. I think it is so interrelated and closely tied in to the whole that the best results, even on that one item, would not be obtained if it was carved out.

We would like to see a study of the entire field; and particularly in the field we are concerned about, the matter of Federal tax exemption on its property. I suppose the counties feel the impact of that as much at least, and probably more than any of the other levels of government. That is because we have to rely on the general property tax almost exclusively for our revenue.

Whenever, as frequently happens, a very large amount of property is taken off from the tax rolls, or a Federal installation is placed on property previously owned by the Federal Government, and it brings new population, requiring new services, we feel a very heavy impact in the county at the county level as a matter of merely financing the services that the State law requires us to provide.

So, we would hope that field will be particularly included in it; and if my interpretation of S. 1514 is right, it would be, because something very definitely should be done to relieve that burden on the counties who have large amounts of tax-exempt property in their jurisdictions.

While we recommend a study of Federal tax exemption, I would not want the committee to feel that I was representing that the county officials will be quiet about this subject pending a study. The burden is such that I think they are going to ask for partial and temporary relief in some situations, even pending this study, because they do feel some relief must be necessary.

We probably will represent for our association to this or other committees of Congress that some specific actions for relief in this field should be taken, even before this study is completed. But we do not think the matter can be completed satisfactorily on a permanent basis without more information, and that is why we ask to have it included in the study.

The matter of payments in lieu of taxes on Federal property, which we have asked for principally, is not, of course, the entire answer. I think county officials generally would desire the Federal Government to own less property. It is not that we care to restrict Federal activities. I think there is no county official who would raise any objection to the Federal Government's having all of the property it needs for legitimate Federal functions. However, there are a good many who feel that the Federal Government has taken property not needed and not appropriate for legitimate Federal functions. That may involve some of the proprietary property that has been mentioned before the committee earlier.

I think county officials generally would feel that very substantial portions of the property, especially the industrial and commercial property, could very well be released by the Federal Government and turned back to private ownership. From the point of view of local tax revenue that would be our preference. We would rather have it for private ownership than have the payments in lieu of taxes.

However, insofar as the property is needed for legitimate Federal purposes, we feel exempting it from taxation is imposing an unjust burden on the localities.

In my statement we have endorsed the Commission as such—the size and composition of the Commission; and in the light of what I have heard here today, I think I should elaborate on that a little.

We think for this particular study the Commission would be preferable largely for the reasons mentioned by Congressman Halleck this morning. He pointed out that the adjustments in this field, if they turn out to be what we expect them to be, will not be all one-way adjustments. They will require congressional action, no doubt. But we do not suppose that everybody is out of step but us. We think they may require county action, too; and State action and city action.

If that be so we are going to have to have a very wide citizen support; and that is going to require very wide citizen education.

Thinking in terms of my own job, if this Commission is created and submits a report which is sound—and we expect it to be a sound report—it will be my job as secretary of the National Association of County Officials—if I may use the terms of the trade—to sell it to my membership.

Again, briefly using the terms of the trade—and I am sure I will not be misunderstood—I am sure I can sell a report of what I can describe as “our” Commission, much better than I could of what they would think of as “your” Commission. I am sure you understand what I mean on that.

From that point of view of getting this over to our people and to the many county officials, and city officials, and State officials who will be required to act to implement the report, I believe, Madam Chairman, there will be a decided advantage in having the Commission of the type instead of a congressional committee.

Of course, that is in no wise critical of the typical activities in Congress through known committees, which I think in matters purely of a Federal nature are understandable. But for reasons stated I think there would be a decided advantage to go to my own people with, "this is a report from our Commission which we participated in." It is ours and it is much easier to sell it. For that reason I believe there is that advantage to be gained.

The early report date is also approved by us. I suppose that is induced primarily again because we could not sell our people on a very long study. We have had studies that have been very disappointing rightly or wrongly, and regardless of the cause for them. I am not imputing any bad faith, of course, but, rightly or wrongly our experience has been that studies have been studies, and nothing more.

I would have a very difficult time in getting my county people to support a study of this sort if it had an indefinite or long postponed report date. I do not think the Commission we are talking about here could possibly provide all of the answers in the field before March 1954. I am not under any misapprehension about that at all. But I do think they could provide some answers.

Whether additional answers should be obtained through giving the Commission new life, or whether they should be obtained through congressional committees would be a matter that should be considered at that time. But the disadvantage of a short time would be more than offset by the advantages of an early report date.

We think by that time something of value and something worthwhile can be submitted, and we can consider anew further studies at that time.

I have in my statement that another area we would hope would be included would be that of public assistance. If the bill provides for general comprehensive studies as I have construed it, that too would be included.

Of course, we approve the idea of restricting it to Federal-State and Federal-local relations. The Federal Government properly would have no interest in State-local relations.

I believe that about summarizes it.

Mrs. HARDEN. Do you consider that the Senate bill, as amended and passed, meets the requirements of your association?

Mr. SEEGMILLER. Under my construction of it, that it provides for a broad and comprehensive study. If it does not—and I concede the wording of it is at least doubtful—I would hope it would be changed so it would be a broad, comprehensive study and not limited to one field. I think that would be a mistake.

Mrs. HARDEN. Mr. Meader, do you have any questions?

Mr. MEADER. Yes. I would like to ask Mr. Seegmiller about the matter of tax exemption. I presume you heard what I said to Congressman Harvey about the subject which came up in Adrian, Mich., in my district. Have you given any thought to actual draft of legislation to give relief to the county or local governmental units?

Mr. SEEGMILLER. Very considerable, Mr. Meader. We prepared a bill for a congressional committee as early as 1947, I believe. Our proposal was that there would be payments in lieu of taxes on all of the Federal property with the exceptions that would cover the purely governmental activities. We excepted office buildings, the mints, national cemeteries, and post offices—and I have forgotten all of them that were listed. But it was those properties that for a long time and traditionally had been used in the regular functioning of government, we excepted. We thought that everything else should be subject to payments in lieu of taxes.

At that time, at the insistence of many of our members in the Western States, we even felt that the public domain should be included in it.

Later we participated in consultations with the Bureau of the Budget in preparing the bill that has now been introduced identically as prepared by the Bureau as S. 788, and it is in the 2 or 3 bills in the House. I have forgotten the numbers of them.

We did not think that that bill provided quite the relief we should have, but we supported it because it would provide very substantial relief and would certainly be a step in the right direction.

I think we may urge congressional committees to consider a bill along that line even though this study is approved and is going on. It seems to me a bill of that general type would grant immediate relief. It is restricted to properties which everyone seems to be pretty well agreed should have payments in lieu of taxes; and probably it would be a worthwhile first step without disrupting the picture too far to make proper adjustment when this study is completed.

Mr. MEADER. Just at first consideration it strikes me that the payment in lieu of taxes method, rather than a provision that Federal property should be subject to local taxation, would be preferable. The reason I say that is that I tend to shy away from the principle of one governmental unit taxing another one. I wonder where it will ever end if it starts. I think it is bad in principle.

If we made all Federal industrial property which had previously been on the tax rolls in the name of a Government corporation continuously subject to local taxes, we might find the appropriating power of the Congress vested in the hands of thousands of local governmental units. We might never know what we would have to raise in Federal taxes to pay the taxes to the local units. They might raise their tax rates, or reassess the value of the property.

In a sense Congress, to that extent, would be losing control over the expenditures of the Federal Government.

Mr. SEEGMILLER. Our entire approach has been with full recognition of what you have said. We have never proposed—and I am sure very few if any of our county officials would propose—that Congress should relinquish control of this field. We think it should be by action of Congress, and subject to repeal by Congress. We never would ask that the Congress should relinquish control. We think the whole interest is such that the Congress could never, in its proper performance of its duties, relinquish control. We would like Federal legislation which would provide payment in lieu of taxes, but it would always be subject to modification by legislation, or repeal if the Congress saw fit. I do not think we or our association ever

asked—and to my knowledge no county official ever asked—for *carte blanche* authority. We asked the Congress to act in the manner it saw fit to reimburse us for the loss of tax revenue.

Mr. MEADER. That is all.

Mrs. HARDEN. Mr. Osmers?

Mr. OSMERS. No questions.

Mrs. HARDEN. Mr. Ward?

Mr. WARD. No questions.

Mrs. HARDEN. Thank you very much, Mr. Seegmiller, for presenting in a very splendid manner the views of the National Association of County Officials.

Mr. SEEGMILLER. Thank you.

Mrs. HARDEN. I understand the House will convene at 10 o'clock tomorrow, but the members of the committee will be excused from their duties on the floor during the debate. So, we are hoping that we can continue with our hearing.

(The statement of Mr. Seegmiller follows:)

STATEMENT OF KEITH L. SEEGMILLER, EXECUTIVE SECRETARY, NATIONAL
ASSOCIATION OF COUNTY OFFICIALS

I am Keith L. Seegmiller, executive secretary of the National Association of County Officials, and appear here as representative of that organization.

The National Association of County Officials favors the idea, embodied in bills pending before this committee, for a commission to study the relationships between the Federal Government and the State and local governments. Counties have long been keenly aware of maladjustments in these relations which have been aggravated by emergency programs of the Federal Government since the beginning of World War II. We have supported bills calling for a study of these relations on a number of different occasions during the past several years.

We are under no illusions that functions and powers of the various arms of our Government should remain static. Adjustment is to be expected to meet the needs of a growing nation and an expanding economy. No doubt the ever-changing nature of the responsibilities of the Federal Government have brought about a legitimate Federal interest in areas once regarded as the exclusive domain of State and local governments. Conversely, some activities of local governments, once regarded as of local interest exclusively, have now come to have repercussions beyond the jurisdiction of the particular local units. Adjustment to these changed circumstances have been piecemeal and without adequate study and planning. While there are available the results of some studies of particular portions of the field, there has been almost no overall examination of the entire area. Piecemeal adjustment without planning has in fact been maladjustment in many instances resulting in duplication of functions, confusion, and wasteful operations making our Government less efficient and less effective than it should be. A study of the character now under consideration by this committee should bring together, evaluate, and harmonize reports of past studies, add additional information not already available and finally chart the course for sound legislative action.

We believe that of the several bills before the present Congress, S. 1514 is best suited to accomplish the task that needs to be done. This bill, originally identical to H. R. 4406, was amended by the Senate committee to broaden its scope, according to the Senate Committee Report No. 215, "to include all aspects of the proper role of the Federal Government in relation to the States and their political subdivisions." Presumably this was intended to be accomplished by subsection 3 (a) requiring the Commission to carry out the broad purposes of section 1.

We think this broadened scope of the proposed study is desirable. The problems of intergovernmental relations are considerably wider than Federal grants-in-aid. There is a close relationship, however, among all of the several aspects of intergovernmental relations, and it is doubtful, therefore, that the program of Federal grants could be effectively studied if carved out for separate consideration.

Moreover, tax exemption of federally owned property now apparently included for study in the Senate bill has an especially severe impact upon counties, and any course of action leading to relief from this impact seems to us to be a matter of

first priority. The general property tax is the principal source of county revenue, and the tax base of counties is seriously restricted, therefore, wherever the Federal Government owns any substantial amount of real property. On this particular point, we think the study should be even wider than the Senate report seems to contemplate. Indeed, the language of the bill seems broader than the description of it in the report. The report says the study is to be one of hardships resulting from Federal acquisitions of property in "extended Federal activities under the national-defense program." However, the burden of Federal tax exemption is not restricted to the Government's defense activities. The study should be coextensive with the hardships upon local governments. The bill provides for carrying out the broad policy stated in section 1. Despite the report, therefore, the scope of the bill seems adequate. In any event, we would recommend that the law as finally enacted should not be restricted in its study of tax exemption to that resulting from defense activities.

More as a matter of desperation than of logic, we have sometimes sought to relieve the pressure resulting from Federal tax exemption in the form of Federal grants-in aid. In other circumstances, also, this matter of Federal tax exemption has frequently been linked in the thinking of responsible people with Federal aid, the thought being that the formulas for distribution of funds under Federal grants might be weighted in favor of areas having large amounts of federally owned tax exempted property. It is true that under pressure of restricted revenue, local officials have sometimes endorsed this thinking. However, we believe there is little, if any sound basis for directly relating the two problems. At least, if they are properly to be related, the relationship should be ascertained through early study, and if they are not related, the matter of tax exemption of Federal property is, nevertheless, crying for solution. In either event, the latter should be brought within the scope of any study of the kind now under consideration by this committee.

Our request for inclusion of tax exemption of Federal real property in the proposed study is not to be construed as a representation that county officials generally will cease their requests for payments in lieu of taxes on Federal real property. The burden of this tax exemption exerts such pressure upon us in many instances that immediate relief seems necessary even upon a temporary and partial basis. Accordingly, despite our endorsement of study of the problem, counties will likely continue to resist further acquisitions of property by the Federal Government in some instances and will continue to demand immediate relief in other instances where property has already been acquired. It may be frankly admitted that solution of the entire problem will not likely be achieved or even attempted prior to completion of the study. In cases of unusual hardships, however, petitions for relief can hardly be forestalled for another year by the assurance that the matter is being studied.

County officials do not question the propriety of the Federal Government's taking such land as it may need in the interest of national defense or for other Federal purposes. They do feel, however, that frequently the Government's need is not properly assessed and that conflicting local needs are in some cases not fully evaluated. In any event, the needs of the Federal Government ought not to be met, as they have been frequently in the past, at the expense of the local units of government.

We are specially pleased with the provision in both H. R. 4406 and S. 1514 that would require the proposed Commission to submit its final report not later than March 1, 1954. This will go far to counteract the tendency among county officials to look upon proposals for study as techniques of procrastination. We have had some experience which lends support to apprehension that further study will result in nothing more beneficial than further inaction. It will be encouraging to us if we may expect that something concrete will be accomplished in time for congressional consideration and action during the life of the present Congress. Certainly very much can be accomplished before the report date of March 1 of next year. Whether more remains to be done and should be done after that date should be considered anew by the Congress at that time.

The size and composition of the Commission proposed in H. R. 4406 and S. 1514 seem to be good. Presumably appropriate representation from the executive agencies of the Federal Government and from State and local governments will be provided for by the President in selecting the 15 members to be appointed by him. The point of view and unique knowledge from each of the general types of governmental units should have representation on the commission and the number of Presidential appointments provided for should be sufficient for that purpose.

This was the thinking of the Senate committee as shown by the following excerpt from the committee report:

"The committee concluded that it would be preferable to rely upon the President to appoint these 15 members solely on the basis of qualifications and experience and without reference to political affiliation or activity. This will enable the President to appoint persons who are properly representative of various interested groups, including governors of States, members of State legislatures and representatives of State, county, and municipal associations as well as local governments. It would also leave him free to include representatives of labor, industry, commerce, agriculture, taxpayers' associations, and others with specific qualifications in the fields of health, education, and social security."

From the point of view in the counties, a second area especially needing study is that of public assistance included in S. 1514 as amended. On one side, Federal grants for this purpose are very substantial and on the other, administrative responsibility is largely with county officials. There appear to be important maladjustments in this program and we assume that study of them would be called for by law such as that proposed by S. 1514.

Finally, it is pointed out, with approval, that S. 1514 carefully restricted in scope to a study of relations of the Federal Government to the State and local governments. No studies or recommendations are authorized of relations between the States and their subdivisions.

(Whereupon, at 5:05 p. m., the hearing was adjourned until 10 a. m., the following day.)

COMMISSION ON INTERGOVERNMENTAL RELATIONS AND COMMISSION ON ORGANIZATION OF THE EXECUTIVE BRANCH OF THE GOVERNMENT

THURSDAY, MAY 14, 1953

HOUSE OF REPRESENTATIVES,
INTERGOVERNMENTAL RELATIONS SUBCOMMITTEE
OF THE COMMITTEE ON GOVERNMENT OPERATIONS,
Washington, D. C.

The subcommittee met, pursuant to adjournment, at 10 a. m., in room 1501, New House Office Building, Hon. Cecil M. Harden, chairman of the subcommittee, presiding.

Present: Mrs. Cecil M. Harden, chairman of the subcommittee, Clare E. Hoffman (chairman), George Meader, Frank C. Osmer, Jr., and Jeffrey Hillelson.

Also present: Ray Ward, staff director, L. T. Mahurin, staff member, and Jane E. Morgan, clerk.

Mrs. HARDEN. The meeting will come to order. The clerk will call the roll.

The clerk called the roll and the following members answered to their names: Mrs. Harden, Mr. Meader, Mr. Osmer.

Mrs. HARDEN. We are very honored to have with us this morning Senator Hendrickson, from New Jersey, who has introduced S. 526, a bill to establish a National Commission on Intergovernmental Relations.

I understand, Senator Hendrickson, that you wish to make a brief statement concerning H. R. 4406 and related bills which are now before this subcommittee. Please proceed in your own way.

STATEMENT OF HON. ROBERT C. HENDRICKSON, A UNITED STATES SENATOR FROM THE STATE OF NEW JERSEY

Senator HENDRICKSON. Madam Chairman and members of the subcommittee, I am delighted to be here, and particularly happy to be here in connection with this long, hard effort that I put forth both before I came to Congress and since I have been here.

I am most grateful for the kind invitation to appear here which was extended to me on behalf of your distinguished subcommittee, by my good friend from New Jersey, Frank Osmer.

It is true that in my years in the Senate there is no single piece of legislation which has caught my interest to a greater degree than the various proposals to study intergovernmental relations.

For 5 years now, I have offered bills to establish a Commission on Intergovernmental Relations. Only once, and that was during the 82d Congress, was my bill approved by the Senate, only to be re-

called from the House. That measure received substantial support in the Senate.

Madam Chairman, through the years my various bills along the same lines have had many ardent cosponsors. Not until this year, with President Eisenhower strongly urging a Federal-State relations study, was the climate quite right. Now, in my judgment, we have our greatest opportunity to make up for lost time.

Before I go on, Madam Chairman, I would like to submit for the record the results of a study compiled for me by the Library of Congress. If I may, I would like to insert it in the record at this point in my remarks.

Mrs. HARDEN. Without objection, you may do so.

(The documents above referred to are as follows:)

THE LIBRARY OF CONGRESS,
LEGISLATIVE REFERENCE SERVICE,
Washington, D. C., February 25, 1953.

LEGISLATIVE EFFORT TO ESTABLISH A NATIONAL COMMISSION ON
INTERGOVERNMENTAL RELATIONS

80TH CONGRESS, 1947-48

The first proposal in the Congress to establish a Commission To Study Intergovernmental Fiscal Relations was proposed in Senate Joint Resolution 90, 80th Congress, 1st session, introduced in the Senate on March 18, 1947, by Senator O'Connor. This joint resolution was referred to the Senate Committee on Expenditures in the Executive Departments and no further action was taken by the Committee during the 80th Congress.

81ST CONGRESS, 1949-50

On March 25, 1949, the Commission on Organization of the Executive Branch of the Government (Hoover Commission), submitted their report on Federal-State relations to the Congress which contained the following recommendation:

"We recommend, * * * that a continuing agency on Federal-State relations be created with primary responsibility for study, information, and guidance in the field of Federal-State relations."¹

The related task force report on Federal-State relations which accompanied the above-mentioned report was prepared for the Hoover Commission by the Council of State Governments and was published as Senate Document 81, of the 81st Congress. This report contains a detailed history of, and the recent developments in Federal-State relations. The report also proposes recommendations for a program for the States and a program for the National Government.²

The following bills to establish a temporary National Commission on Intergovernmental Relations were introduced in the Senate and House of Representatives during the first session of the 81st Congress:

Senate Joint Resolution 41. Introduced by Senator O'Connor; January 27, 1949.

S. 767. Introduced by Senators Bricker and O'Connor; February 3, 1949.

S. 810. Introduced by Senator Hendrickson and others; February 9, 1949.

S. 1946. Introduced by Senator Taylor and others (including Senator Hendrickson); May 26, 1949.

S. 3147. Introduced by Senator Humphrey and others (including Senator Hendrickson); February 28, 1950.

H. R. 2389. Introduced by Mr. Boggs of Delaware; February 7, 1949.

H. R. 3184. Introduced by Mr. Harvey; March 3, 1949.

H. R. 3944. Introduced by Mr. Secrest; March 31, 1949.

H. R. 4507. Introduced by Mr. Bonner; May 3, 1949.

These bills were referred respectively to the Senate and House Committees on Expenditures in the Executive Departments and joint hearings were held before the Subcommittees on Intergovernmental Relations during May 1949.

¹ S. Doc. 81, 81st Cong., 1st sess., p. 36.

² Federal-State Relations by the Council of State Governments. S. Doc. 81, 81st Cong., pp. 133-134.

Senator Robert C. Hendrickson appeared before the committee on May 9, 1949, and testified in behalf of S. 810 which he introduced.³

Subsequent to the joint hearings before the Subcommittees on Intergovernmental Relations, new bills which superseded the earlier bills were introduced by a number of Senators, including Senator Hendrickson. S. 1946 was introduced on June 13, 1949, and S. 3147 on February 28, 1950.

S. 3147 was reported to the Senate with amendments on June 22, 1950, with recommendations that the bill be passed (S. Rept. 1856, 81st Cong., 2d sess.).

S. 3147 came before the Senate on September 13 and December 15, 1950, but was objected to on each occasion and did not pass.⁴

82D CONGRESS, 1951-52

The following bills to establish a National Commission on Intergovernmental Relations were again introduced during the 82d Congress:

- S. 437. Introduced by Senator Hendrickson and others; January 11, 1951.
- S. 487. Introduced by Senator Bricker; January 16, 1951.
- S. 836. Introduced by Senator Humphrey; February 8, 1951.
- S. 1146. Introduced by Senator O'Connor and others; including Senator Hendrickson; March 15, 1951.
- H. R. 13. Introduced by Mr. Boggs of Delaware; January 3, 1951.
- H. R. 41. Introduced by Mr. Coudert; January 3, 1951.
- H. R. 391. Introduced by Mr. Secrest; January 3, 1951.
- H. R. 3303. Introduced by Mr. Hoffman of Michigan; March 19, 1951.
- H. R. 3683. Introduced by Mr. Dawson; April 12, 1951.
- H. R. 5251. Introduced by Mr. Ostertag; August 20, 1951.
- H. R. 7130. Introduced by Mr. Rains; March 19, 1952.

These bills were again referred to the Senate and House Committees on Expenditures in the Executive Departments for consideration. The House committee held the following hearings on March 12, 1952, at which time a number of State officials testified on these proposals:

House Committee on Expenditures in the Executive Departments. National Commission on Intergovernmental Relations, hearings before the Intergovernmental Relations Subcommittee, 82d Congress, 2d session, on H. R. 3683, H. R. 5251, H. R. 3303, H. R. 391, and H. R. 13. March 12, 1952.

No further action was taken by the House committee during the 82d Congress.

The Senate bills were referred to the Subcommittee on Organization of the Senate Committee on Expenditures in the Executive Departments. Executive hearings were held before the subcommittee on these bills on May 31, 1951 (not printed). On July 2, 1951, the Subcommittee on Reorganization agreed to recommend to the full committee that S. 1146 be reported favorably, with amendments, and on July 10, 1951, the subcommittee submitted the above recommendation to the full committee which ordered it reported favorably, with amendments. S. 1146 was reported with amendments on July 12, 1951⁵ (S. Rept. 544, 82d Cong.).

S. 1146 passed the Senate on July 23, 1951,⁶ and was referred to the House Committee on Expenditures in the Executive Departments on July 24, 1951.⁷ On July 24, 1951, on motion of Senator Ellender, the Senate requested the return of S. 1146.⁸ On July 25, 1951, the House Committee on Expenditures in the Executive Departments was discharged from further consideration and the bill was returned to the Senate and placed on the "Motions for Reconsideration" calendar.⁹ No further action was taken in the 82d Congress.

83D CONGRESS, 1953

On January 16, 1953, Senator Hendrickson introduced S. 526, a bill to establish a National Commission on Intergovernmental Relations which is now pending before the Committee on Government Operations.

³ Joint hearings before the Subcommittees on Intergovernmental Relations of the Committee on Expenditures in the Executive Departments, Senate of the United States and House of Representatives, 81st Cong., 1st sess., on S. J. Res. 41, S. 767, S. 810, H. R. 2389, H. R. 3184, H. R. 3944, and H. R. 4507 (May 9, 10, 11, 12, and 13, 1949, p. 15).

⁴ 81st Cong., 2d sess., Record, vol. 96, pp. 14697, 16598.

⁵ Senate Committee on Government Operations. Calendar, 82d Cong., July 31, 1952, No. 6, p. 21.

⁶ Congressional Record, vol. 97, p. 8646.

⁷ Congressional Record, vol. 97, p. 8803.

⁸ Congressional Record, vol. 97, p. 8841.

⁹ Congressional Record, vol. 97, p. 8864.

References to remarks by Senator Hendrickson relative to establishing a National Commission on Intergovernmental Relations ¹⁰

Commission on Intergovernmental Relations, remarks by Senator Hendrickson on February 7, 1949, relative to S. 810. Congressional Record, volume 95, pages 828-830.

Remarks by Senator Hendrickson, April 26, 1950. Congressional Record, volume 96, page 5751.

Remarks by Senator Hendrickson, January 11, 1951. Congressional Record, volume 97, pages 131-133.

Remarks by Senator Hendrickson, July 23, 1951. Congressional Record, volume 97, pages 8646-8649.

Remarks by Senator Hendrickson, January 16, 1953. Congressional Record, volume 99, pages 412, 413.

H. G. RITCHEY,
American Law Section.

[From the Congressional Record, February 7, 1949]

COMMISSION ON INTERGOVERNMENTAL RELATIONS

MR. HENDRICKSON. Mr. President, on behalf of the Senator from Ohio [Mr. Bricker], the Senator from Maryland [Mr. O'Connor], the Senator from Wisconsin [Mr. Wiley], the Senator from Delaware [Mr. Williams], the Senator from Kansas [Mr. Schoeppel], the Senator from New York [Mr. Ives], the Senator from New Jersey [Mr. Smith], and myself, I introduce for appropriate reference a bill to establish a bipartisan national commission on intergovernmental relations, in which all levels of government are represented, to study problems in Federal, State, and local governments, which make for overlapping services, duplication of effort, and sheer waste in tax dollars.

I ask unanimous consent to make a brief statement with reference thereto.

MR. LUCAS. Mr. President, I am constrained to object.

THE VICE PRESIDENT. Objection is heard. The Senator understands that under the morning business procedure, remarks are not in order except by unanimous consent.

MR. HENDRICKSON. Mr. President, I ask unanimous consent to have a statement incorporated in the body of the RECORD at this point as a part of my remarks, and also to have the text of the bill printed in the Record.

There being no objection, the bill (S. 810) to establish a National Commission on Intergovernmental Relations, introduced by Mr. Hendrickson (for himself, Mr. Wiley, Mr. Bricker, Mr. Williams, Mr. Smith of New Jersey, Mr. Schoeppel, Mr. Ives, and Mr. O'Connor) was read twice by its title, referred to the Committee on Expenditures in the Executive Departments, and ordered to be printed in the Record.

The statement by Mr. HENDRICKSON was ordered to be printed in the Record, as follows:

"STATEMENT BY SENATOR HENDRICKSON

"This bill, Mr. President, represents the views and expresses the considered judgment of many Members of this body who have served in State government. It is the result of their experience at local and State levels of government that it now comes before us for study, consideration, and appropriate action.

"The distinguished junior Senator from Maryland [Mr. O'Connor] has already introduced a resolution to the same effect and purpose. The distinguished junior Senator from Ohio [Mr. Bricker] has introduced similar legislation. The distinguished Congressman at Large from Delaware, Mr. Caleb Boggs, is introducing a counterpart of this measure in the House today. The able Governor of my own State, Alfred E. Driscoll, keynoted the proposal at the biannual convention of the Council of State Governments in January 1947. The activities and the deep interest shown by the members and the experts of the Council of State Governments in this matter over the past years demonstrates clearly that there is a definite need for the study established by this bill.

"In presenting a very able report on the coordination of Federal and State taxes to a Senate committee last April, our very distinguished colleague, the junior Senator from Ohio [Senator Bricker] said: 'The committee was fully aware that these recommendations do not in any sense offer a comprehensive solution of the present problems of intergovernmental fiscal relations.'

¹⁰ See pp. 26, 27, 29, 32, 36 of this hearing for context of speeches cited.

"This bill, Mr. President, as I have indicated, provides for the establishment of a bipartisan, or better still, a nonpartisan, Commission on Intergovernmental Relations which will examine all aspects and phases of National, State, and local government with special attention to the serious fiscal problems which threaten to overwhelm us today. It is true that there have been many studies in this general field in the past—but none of them have had the full participation of our National Government.

"Under this bill, the commission will represent all of the parties at interest, both public and private, Federal, State, and local; legislative and executive, and where necessary, judicial. It will be given the opportunity and the responsibility to report its findings to the people of the Nation.

"It is not intended that this group shall lend itself to any criticism of the basic structure of government levels as we know them or to their general purposes, but it is our intention that we improve the services of government at each level and at the same time stretch the value of the tax dollar in respect to the rendition of those services.

"When he introduced the bill to establish the Commission on Reorganization of the Executive Branch of the Government, the distinguished Senator from Massachusetts said:

"This is not a job which Congress alone, working through congressional committees and using its own staffs, can do. We in Congress have not the time. There is no use deluding ourselves about that. We have not the time to do the job that needs to be done. We would have to leave it to our staffs; and our staffs would not have the standing which the members of this Commission would have in relation to the departments. All sorts of expert knowledge would be required, including the services of industrial engineers and management experts. It would take time and money."

"I most heartily agree that such an undertaking requires full-time work from many experts of proven ability in the several fields we propose to study.

"Since this bill envisages a full-scale investigation on all levels of government, it is necessary to include the representatives of local and State governments, Members of Congress, administrative officials, and men and women from private life.

"The purposes as stated in the bill itself open exciting vistas for tremendous progress in efficient and effective government. To me they spell new opportunities to employ sound and scientific business methods in public operations.

"The entire world watches us day by day as we conduct our public affairs. To friends and foes we are the outstanding example of the democratic processes of government. If we are to prosper and be worthy of the hopes of those who trust and rely upon us, we must be eternally vigilant that our system does not become fatally enmeshed in coils of its own construction.

"The time is ripe for such an undertaking as this—indeed our present situation demands positive and definite action."

[From the Congressional Record, July 12, 1951]

TEMPORARY NATIONAL COMMISSION ON INTERGOVERNMENTAL RELATIONS— REPORT OF A COMMITTEE

MR. O'CONOR. Mr. President, from the Committee on Expenditures in the Executive Departments, it is a source of particular gratification to me to report favorably, with amendments, the bill (S. 1146) to establish a temporary National Commission on Intergovernmental Relations, and I submit a report (No. 544) thereon. I ask unanimous consent that I may be permitted to address the Senate for 3 minutes in connection with the bill and the report.

THE VICE PRESIDENT. The report will be received, and the bill will be placed on the calendar; and, without objection, the Senator from Maryland may proceed.

MR. O'CONOR. Mr. President, this bill proposes to set up a temporary bipartisan Commission on Intergovernmental Relations. With a single exception, it is directly in line with the recommendations in the closing volume of the reports 2 years ago by the Hoover Commission, i. e., the Commission on Reorganization of the Executive Branch of the Government.

The single exception is that the Hoover Commission urged a permanent agency to study the various and complex problems of intergovernmental relations, instead of the temporary body proposed in S. 1146. In theory we can agree with the idea of a permanent Commission. But there are valid reasons for the temporary

approach which the bill proposes. And, while the Commission is made temporary at this time, the way is cleared for permanent status if the Congress later decides that this is advisable.

Much discussion has been held in recent years as to the benefits to be achieved through integration of the activities of Government at various levels. Preliminary studies made during the Eighty-first session of the Congress pointed up clearly the opportunity, and the real need, for cooperative action in the field of Government to avoid overlapping and duplication of activities and to eliminate thereby much of the waste and excess governmental costs resulting therefrom.

It is highly necessary, however, that the discussions in this field be brought down from the clouds of generalities and translated into definite programs of constitutional amendments, or statutory changes or administrative modifications at the three levels of government—Federal, State, and local.

Furthermore, it will be necessary to progress beyond the present tug of war between the attitudes of the various groups in the interest of a proper solution and the development of a specification program. Various legislative proposals have been advanced toward the solution of these intergovernmental problems but conflicting interests, some of them generated by fears that proposed establishment of such a Commission was aimed at some current Federal-State cooperative programs have made real progress impossible.

It is my belief that S. 1146, as amended, will afford a starting point in this intergovernmental study through which conflicting views can be resolved. I speak on the basis of many years of interested work on the problem, first as an interested citizen, then as Governor of my State of Maryland, and in recent years at the Federal level as a Senator. Several years ago I served as chairman of the Governors' Conference and attended the hearings of many interested persons and groups at different parts of the country trying to put together a solution for this problem.

I need hardly emphasize to the Senate, with its distinguished complement of governors and mayors of cities, the existing difficult intergovernmental problem of tax immunities and of competition for the limited sources of revenue which are available to all the levels of government to pay for the services being rendered the people of this country. Then there are many functions of government where Federal grants-in-aid support highway construction, hospitals, research, and social-security programs to mention only a few items. These are just a few scattered aspects of the general problem of intergovernmental relations.

We need the kind of agency which the Hoover Commission has urged upon us to assemble the overall facts and to suggest policies and programs which will help us guide the many changing and developing aspects of intergovernmental relations.

In asking for favorable action on S. 1146 in the Congress, I am happy to announce that 34 of the cosponsors who have introduced three other Senate proposals at this session—S. 437, by the Senator from New Jersey [Mr. Hendrickson]; S. 487, by the Senator from Ohio [Mr. Bricker]; and S. 836, by the Senator from Minnesota [Mr. Humphrey]—have rallied as cosponsors behind the Hoover Commission bill which I have the privilege of reporting today.

Briefly, S. 1146 calls for a temporary bipartisan commission of 12 members, of which one group of 4 is to be designated by the President of the United States, another group of 4 by the President of the Senate, and 4 by the Speaker of the House. Of each group of 4, two are to be from the official branch represented by the appointing officers and two are to be from private life. The bill provides that not more than two of each four may be from one major political party.

A committee amendment added to S. 1146 also provides an agreement on the important question of not having too big and cumbersome a commission to produce results, and yet somehow weaving in the contributions of many different groups interested in and affected by the intergovernmental problems of present-day government. The amendment specifies that the Commission shall consult, either directly or in advisory committees which it may set up, with representatives of labor, industry, commerce, State, and local governments, taxpayers, and any other interested organizations.

Let me emphasize again that the way is cleared for permanent status if the Congress eventually so decides. The method of bringing this about calls for the Commission not only to issue such interim reports as it sees fit but to bring out by the end of next calendar year 1952, a comprehensive general report on its activities and findings. This report will be the primary basis for decision by the newly elected Congress which will convene at the beginning of calendar 1953 as to whether the Commission is to be continued. If the Congress so decides.

before the expiration date of the Commission on March 31, 1953, as fixed in S. 1146, the Commission can be continued without interruption of membership or staff. Otherwise, the Commission will pass out of the picture, though I am sure the problem will be forced back in again in some form in the not very distant future.

Mr. President, I hope very much that in view of the overwhelming support for legislation of this sort, the bill will not be subjected to the objections that have held up progress in the past. I would ask of any Senators who may have in mind objecting, that I be given an opportunity to study in advance the basis of the objection in an effort to work out a solution.

There are 34 Senators who desire to be listed as cosponsors of the bill, and I ask unanimous consent that the bill I have reported carry the names of the 34 Senators, whose names are: Mr. McCarthy, Mr. Aiken, Mr. Taft, Mr. Ferguson, Mr. Byrd, Mr. Smith of New Jersey, Mr. Lodge, Mr. Ives, Mr. Thyne, Mr. Ke-fauver, Mr. Douglas, Mr. Lehman, Mr. Benton, Mr. Duff, Mr. Saltonstall, Mr. Dirksen, Mr. Hendrickson, Mr. McClellan, Mr. Hoey, Mr. Humphrey, Mr. Monroney, Mr. Underwood, Mr. Moody, Mr. Mundt, Mrs. Smith of Maine, Mr. Schoeppel, Mr. Dworshak, Mr. Nixon, Mr. Bridges, Mr. Tobey, Mr. Hickenlooper, Mr. Williams, Mr. Hunt, and Mr. Carlson.

THE VICE PRESIDENT. Is there objection to the request of the Senator from Maryland? The Chair hears none, and it is so ordered.

Mr. HENDRICKSON subsequently said: Mr. President, earlier today the distinguished senior Senator from Maryland [Mr. O'Connor] reported from the Committee on Expenditures in the Executive Departments a bill to establish a temporary National Commission on Intergovernmental Relations. That bill, Senate bill 1146, is not a new proposal to the Senate, as the committee report will disclose. The bill should receive both early and favorable consideration at the hands of this body.

I shall not detain the Senate at this late hour by discussing the details of the bill or by going into detail in regard to its most noteworthy objectives. However, as the author of one of its counterparts and as a sponsor in chief of the bill itself, I wish the Record to show that I commend the distinguished senior Senator from Maryland for his able and sincere labors on this measure.

It is indeed gratifying to me to see one of my own efforts take on all the appearances of fulfillment and realization.

Since the time when I entered upon my duties as a Member of this body, I have endeavored to secure the enactment into law of the basic principles embodied in Senate bill 1146. Indeed, my own bill, Senate bill 810, of the Eighty-first Congress, and Senate bill 437, of this Congress, vary little from the version reported today by the able Senator from Maryland.

Mr. President, I deem it a distinct honor to be associated as a cosponsor in this very worth-while effort.

I shall have more to say about the bill when it is reached during the call of the calendar. Meanwhile, I hope that every Member of the Senate will prepare himself to support this measure enthusiastically, as a result of a thorough study of its objectives.

[From the Congressional Record, July 23, 1951]

Mr. HENDRICKSON. Mr. President, I ask unanimous consent that a statement which I have prepared dealing with the bill (S. 1146) be printed in the Record at this point as a part of my remarks.

There being no objection, the statement was ordered to be printed in the Record, as follows:

“STATEMENT BY SENATOR HENDRICKSON

“A few days ago when the senior Senator from Maryland reported this bill out of committee, I stated my intention to speak more at length upon the measure when it was reached during the call of the calendar.

“As I arise today to avail myself of that privilege, I want to say first of all that the subject of intergovernmental relations in this country is one in which I have long had a personal and vital interest. It was my privilege to represent my home State of New Jersey for 14 years as a member of the interstate commission on the Delaware River Basin, popularly known as INCODEL.

“It was as a member of this commission that I first became deeply conscious of the value of interstate cooperation.

"Later I became a member of the board of managers of the Council of State Governments and here again I saw at close hand the importance of intergovernmental relations as between our 48 States.

"Indeed, it was as the chairman of the board of managers of the Council of State Governments that I first fully realized the vast importance of well coordinated intergovernmental relations at all levels of government.

"When I became a Member of this distinguished body approximately 2½ years ago, I early sponsored a bill S. 810, Eighty-first Congress for the creation of a commission similar to the one which S. 1146 of this session seeks to establish.

"I refer, of course, to the bill now before us.

"I firmly believe that this problem of interlevel and interjurisdictional relations is one of the most important of all the problems facing the American people today and nothing would give me greater satisfaction than to know that I had personally been able to make some small contribution toward the more effective handling of the complex and difficult situations which almost daily now develop in the general field of intergovernmental relations.

"The subject of Federal-State relations has been one of major concern since the days of the founding of the Republic. Even before the present Government was established, there were controversies under the Articles of Confederation, and during the Constitutional Convention of 1787, relating to the proper allocation of governmental authority as between the Federal Government and the States. Throughout the life of the present Government, these questions have constantly been before our people; sometimes to be sure, they have been more actively discussed than at others, but they have always been present. And I suspect that, as long as our society continues to possess the dynamic qualities that have always characterized it in the past, they always will continue to be present.

"There are many reasons why this subject is of supreme importance at the present time.

"The whole character of our Federal system has been changing before our very eyes, yet without our fully realizing it.

"The Constitution provides a general pattern for these relationships—a pattern which describes the form of government that we formerly had and that the people assume we still have.

"Actually the character of American federalism in the middle of the 20th century is something vastly different from what it was at the turn of the century, or from what it was even 25 years ago.

"Among the changes that have been—and still are—taking place, I would mention first the pronounced tendency for governmental activities and services to be transferred up the line, to successively larger units for administration.

"In this growing dependence on larger units of government, functions have been transferred from the smaller rural units to the counties, from the counties and cities to the States, and from the States to the Federal Government.

"Now, as we contemplate the development and strengthening of institutions of world government, it appears not unlikely that some few limited powers which have long been regarded as the attributes of a sovereign state may have to be transferred to a world government.

"This constant shift of power and responsibility from smaller units to larger ones has been due, not alone to the grasping tendencies and empire-building propensities of bureaucrats, but to the simple fact that the development of improved methods of transportation, communication, and machine design has made it absolutely necessary for government to function in larger units if it was to function effectively, or in some cases, if it was to function at all.

"Restricted territorial areas, once necessary, simply do not fit into the pattern of the modern age of technical and scientific development.

"Not only have governmental units for administrative purposes tended to become larger, but the fiscal relationships between the units have changed.

"Time was—and not so long ago—when each individual tax source was assigned or designated for the use of particular governmental units. Now, all units from the largest to the smallest, in grab-bag fashion, attempt to collect about all the revenue they can from all available sources.

"The situation is well-nigh chaotic. The larger units, by virtue of their greater size, having a broader taxing base than the smaller, thus tend to monopolize all of the more productive sources of revenue, leaving few, indeed, available for the smaller units. These smaller units are thus encouraged to go, hat in hand, begging grants-in-aid, the cities from the States, and the States from the Federal Government.

"This grant-in-aid problem is a particularly important aspect of the whole intergovernmental relations picture.

"Distributions of public lands, and to a lesser degree of public funds, had been made by the Federal Government to the States from time to time over the years.

"The grants were made to aid the States in particular programs, often experimental.

"The system did not get into full operation until after 1914, following the adoption of the income-tax amendment; it was not until the period of the depression and the years since that it began to operate in high gear.

"Total Federal expenditures for this purpose have grown from a few hundred thousand dollars to a total of well over \$2,000,000,000 a year, which is a sizable amount even in a total budget so large as that under which the Federal Government is now operating.

"Grants are no longer regarded as a means of assistance in the support of experimental undertakings, but as a regular source of financial support for necessary and well-established governmental functions.

"Our Federal system has changed in still another way.

"Until fairly recently, each level of government had certain duties and responsibilities clearly and definitely assigned to it.

"The local units carried on police functions. The States built roads.

"The Federal Government was responsible for the national security. Things are no longer so simple.

"It has now come to be true that no single unit or level of government is any longer completely responsible for any one important governmental function.

"In the new system of cooperative federalism, the Federal Government and the States and the local units are jointly and collectively responsible for police work, road building, agriculture, military and civil defense, and many, many more activities.

"Meanwhile, institutions of local government are being transformed. Some of the smaller local units which no longer have any functions to perform or any reason for continued existence, are drying up.

"School districts are being consolidated one with another, in substantial numbers.

"More and more so-called authorities are being created to carry on activities of a business nature.

"Special districts, larger than the previously existing local units, are being established all over the country for a variety of purposes such as flood control, soil conservation, mosquito abatement, health and sanitation, and many more.

"As old units atrophy and fall into disuse, new and different ones arise to take their place.

"Truly it may be said that local government in this country is in a state of transition.

"I thus refer to some of the major changes in this field by way of emphasizing the need for exactly the type of study that such a commission as this bill proposes would provide.

"I do not say that these changes are good or that they are bad, for I do not know. I do not believe that anyone knows. That is why we need the commission to find out.

"What we do know is that the changes in the previously existing structure have been many and of far-reaching significance.

"We know that they have been made on a more or less haphazard basis, without any plan or any consideration of their over-all effect.

"We have neither any understanding of how we got into the mess that we are in, nor any idea of what course we should attempt to follow in the future.

"We do know that these tremendous changes have all taken place within the existing constitutional structure, without any formal or visible change in the character of that structure.

"They have been made almost unbeknown to the average citizen, who still labors under the delusion that the brand of geographical federalism established by the Constitution still exists.

"Actually, it has been very largely supplanted by the new cooperative federalism based upon a functional integration of the efforts of all three levels of government in many different areas.

"I believe that this survey is vitally necessary at this time.

"We need to have a careful analysis of how we got where we are, and on the basis of the facts so revealed, to chart our course for the future.

"It may be said that this would be just another survey, with just another report to be filed away and forgotten.

"With that point of view, I beg to differ.

"We have never had a thorough and comprehensive survey of this whole problem; that is one reason why I think it is so important that we have this one now.

"To be sure, there have been numerous studies of the administration of particular functions in particular States or regions, but these studies have all been made on a piecemeal basis, geographically or functionally or both.

"The report of the Hoover Commission has been neither ignored, neglected, not forgotten. What I propose is that we apply the technique used so successfully in the field of executive reorganization to this whole vast and equally important field of intergovernmental relations.

"In place of the piecemeal approach I propose that a distinguished national Commission whose members would be nonpartisan in their point of view and representative of the various governmental and group interests involved be authorized and directed to study the whole problem, and to make recommendations with regard thereto. I would give them sufficient time to do a thorough job, for the task is one of monumental proportions.

"I would give them sufficient funds to make possible the employment of a high-grade professional staff, without whose assistance the job cannot be done at all. Out of the work of such a Commission, I would hope that we might realize at least three specific benefits.

"In the first place, I would expect a kind of blueprint or plan for the development of our intergovernmental relations in the future—Federal-State, interstate, State-local, and Federal-local.

"It seems plain to me that we can ill afford to continue blundering along as we have been doing, and that we cannot expect to follow a plan unless we have a plan to follow.

"In developing such a plan I assume that the Commission would consider carefully the relation of existing constitutional requirements to the needs of the present day.

"In the second place, I assume that once the facts are ascertained and the plan developed, some suitable provision would be made for carrying it out.

"The Hoover Commission recommended that the Commission provided for in this bill be set up on a permanent basis.

"I have never believed, and I do not believe now, that this would be wise.

"As the senior Senator from Maryland pointed out when he presented the report of the committee, there is nothing to prevent making this Commission permanent if that should prove to be desirable.

"I believe the committee did the right thing in leaving this matter open for future determination.

"I am not sure just what form the permanent agency should take or where in the Government it should be located.

"I have some ideas on the subject, but I shall not attempt to develop them at this time.

"This is a matter which can best be decided after the study Commission has ascertained the facts and presented its recommendations.

"A third benefit which I hope may flow from the work of this Commission would be the establishment at some suitable location here in Washington of a central clearing house for information relating to all matters in the field of State and local government, law, and administration and intergovernmental relations.

"Such a development is, in my opinion, absolutely essential if we are to conduct the affairs of our Federal system of government in an orderly way. This task of putting our Federal system in order and of keeping it so must be regarded as a continuing responsibility. Important as the work of the study commission is, that alone will not keep the problem solved.

"There must be a permanent agency to carry the work forward on a continuing basis, but such an agency must have adequate and up-to-date current information. Government cannot function effectively in any quarter without such information.

"At the present time, there is no central agency dealing with the problems of State and local government and intergovernmental relations. Fiscal data and data on the number and character of the units of local government is maintained in one department. This department also used to collect election statistics but this activity was suspended on grounds of 'economy.' Some information on State legislation is maintained in another agency, the scope of this service also having been curtailed on grounds of 'economy.' Scattered all over Washington, in

one executive department and agency after another, there are little offices trying to keep track of State legislation on agriculture, social security, power problems, labor laws, health laws, and a dozen other things. How much better off everyone would be if this job could be done completely and thoroughly in one central place, servicing all departments and agencies of the Federal Government, the State and local governments, as well as private organizations desiring this type of information.

"I hope that some such development may grow out of the work of the study commission on intergovernmental relations. We must remember at all times that in a Federal system of government like our own, the central government has a definite duty and responsibility for maintaining certain services such as this, services which are of benefit to all, but which the State and local units are not in a position to support and maintain individually. Even if they were, there would be no justification for asking 48 States to duplicate services which could be done better and cheaper in one central place.

"In concluding my remarks on this important subject, there are two points which I would like to emphasize.

"In the first place, the subject matter of this bill is not a party matter, it is an American matter, which relates in a very vital way to the form and structure of our governmental system. On the basic character of this system as established by the Constitution, all Americans are pretty well agreed.

"The purpose of this study commission is to help us to preserve, under new and different conditions, the fundamental characteristics of the Federal system provided for by the Constitution.

"I call attention of the Members of this body to the fact that the list of sponsors of this bill includes 34 Senators, drawn more or less evenly from the two major parties.

"Of this number, 14, I believe, have served as governors of their respective States, and 1 has been mayor for 4 years of one of the Nation's great cities. All have had extensive experience in public affairs.

"The bill has the endorsement of the appropriate committee and subcommittee of this body. On the basis of this extensive bipartisan support, I urge each and every one of my colleagues to give this bill their personal endorsement by voting for it.

"The main question raised by the bill is very simple and very clear. It is simply this: What kind of government do we want in these United States?—a highly centralized system in which all power and authority is concentrated in the Nation's Capital, or the Federal system with which we started which seeks to leave as many major responsibilities in the hands of the State and local governments as they are capable of discharging economically and efficiently?

"A vote for this bill is a vote for doing what can be done at this time and under the circumstances toward the following of the latter course."

[From the Congressional Record, January 16, 1953]

NATIONAL COMMISSION ON INTERGOVERNMENTAL RELATIONS

MR. HENDRICKSON. Mr. President, on behalf of myself, the senior Senator from Maine [Mrs. Smith], my colleague the senior Senator from New Jersey [Mr. Smith], the senior Senator from Kansas [Mr. Schoeppel], the Senator from Delaware [Mr. Williams], the Senator from Wyoming [Mr. Hunt], the Senator from Iowa [Mr. Hickenlooper], the junior Senator from Kansas [Mr. Carlson], the Senator from New Hampshire [Mr. Tobey], the Senator from New York [Mr. Ives], and the Senator from Massachusetts [Mr. Saltonstall], I am introducing a bill providing for the establishment of a temporary National Commission on Intergovernmental Relations.

Neither my interest in this subject nor the bill itself is new.

As a matter of fact, I have been seriously concerned with the subject for a good many years.

My experience during a long period of service in the New Jersey State Senate as a member of the New Jersey State Commission on Interstate Cooperation—established in 1935, the first such commission in the United States—and as a member of the Interstate Commission on the Delaware River Basin, all served to impress upon me the importance of these questions of interlevel and inter-jurisdictional relationships in American Government.

I hope my colleagues will bear with me while I relate another bit of personal history, which I present not because I want to try to impress anyone with my great wisdom and foresight but because the facts are relevant to my subject.

This experience at the State level prompted me to introduce a similar bill in the Eighty-first Congress on February 8, 1949, less than 1 month after I took my oath of office as a Member of this body.

The bill which I then introduced, S. 810, was sponsored jointly by seven other Senators and myself, and on the House side by the Honorable Caleb Boggs, now the distinguished Governor of the State of Delaware.

The Senate and House Subcommittees on Intergovernmental Relations held joint hearings on this bill, at which time a considerable number of distinguished public officials—Federal, State, and local—testified for the bill.

The bill was revised and amended and reported out in the second session as S. 1946, but failed of passage during the Eighty-first Congress.

I do not claim that this proposal is the first one calling for a study of inter-governmental relations.

There had been several bills and resolutions calling for a study of some phases of this problem, particularly its tax and fiscal aspects, but this bill was—I believe—the first calling for a comprehensive study of the whole field.

While I do not minimize for a moment the importance of the financial phases of the problem, I am certain that no solution of the problem as a whole is possible simply by dealing with segments of it.

To continue, briefly, Mr. President, with the historical background of this proposal, may I point out that in the Eighty-second Congress, I again introduced a bill, S. 437, which was similar to the one which I present today.

Also in the first session of the Eighty-second Congress, our distinguished former colleague, Senator Herbert R. O'Connor, of Maryland, introduced a bill for this purpose.

This was S. 1146, which was reported out of committee, and was passed by the Senate on July 23, 1951.

Unfortunately, on the following day, the bill was recalled from the House, as a result of what I believe was some misunderstanding as to its nature and purpose. I dislike to think, Mr. President, that the misunderstanding was political, but all signs at that time pointed to partisanship.

No further action was taken upon it during the Eighty-second Congress.

Now, at the beginning of the Eighty-third Congress, we have a new opportunity to do something that may open the way for constructive action in this important field.

The purposes of the Commission, Mr. President, are clearly stated in the text of the act.

I ask unanimous consent, Mr. President, to have placed in the Record at this point in my remarks those purposes.

The PRESIDING OFFICER (Mr. Goldwater in the chair). Is there objection?

There being no objection, the statement of purposes was ordered to be printed in the Record, as follows:

"This Commission is established for the purpose of studying and making recommendations to the President and the Congress, in an effort to bring about—

"(1) The finding of ways and means of establishing a more orderly and less competitive fiscal relationship between the several levels of government. Major aspects of this problem include the overlapping and confused systems of taxation and the increasing demands made upon the Federal Government and the States for tax-sharing and grants-in-aid, without following any consistent overall pattern;

"(2) The elimination of duplication and overlapping services, activities, and functions, and the securing of a better coordination of such services, activities and functions among the several levels of government;

"(3) The attainment of such an allocation of governmental functions among the several levels of government as will contribute to economy in governmental administration on the one hand, and maximum service to the public on the other;

"(4) A reduction in the total governmental expenditures to the lowest possible level consistent with the efficient performance of essential services, activities, and functions;

"(5) The development, within the existing constitutional framework, of a governmental structure and such cooperative policies and procedures as will tend to overcome existing obstacles to efficient governmental administration, and to lay a sound foundation for future development."

Mr. HENDRICKSON. I believe that Members on both sides of the aisle are under obligation to give consideration to these important problems.

Not only was the establishment of such a commission recommended by the Hoover Commission, but in the recent campaign both political parties and their candidates took a strong position in favor of doing what could be done to stem the tide toward further and further concentration of authority in the hands of the Federal Government here in Washington.

I shall not burden you nor impose upon your time by a lengthy recital of arguments in support of this proposal.

It is a proposal at this stage simply to find out what the facts are, so that we may at a later date be in a position to take constructive action.

How anyone can logically oppose a move to discover and disclose the facts, it is difficult to understand.

Actually there has been little real opposition to this proposal, while there has been evidence of a great deal of active support.

This support comes from both official and unofficial sources.

In this connection, I should like to call attention to one very interesting fact.

For the past several years, it has been true in session after session that approximately one-third of the Members of this body have served at some time as the governors of the States from which they come.

Beginning with the second session of the 81st Congress, these former governors have, without regard to party affiliation, lined up 100 percent—I believe—behind this proposal for a National Commission on Intergovernmental Relations.

Some of the most distinguished political scientists in the country have given their full support to this proposal.

I mention only three at this time: Professors White, of the University of Chicago; Gaus, of Harvard; and Anderson, of the University of Minnesota.

Mr. President, I ask unanimous consent that a concise statement containing quotation of these estimable scholars be inserted in the Record at this point in my remarks.

The PRESIDING OFFICER. Is there objection?

There being no objection, the statement was ordered to be printed in the Record, as follows:

"Prof. Leonard D. White, of the University of Chicago, recognizing that these interrelationships present many difficult problems, believes that 'such a commission is badly needed' and that 'it might do a lot of good in proposing answers to some of them.' Prof. John M. Gaus, of Harvard University, believes that 'there are all kinds of improvements we can make in the operation of the various levels of Government in this matter of relationships and the preparation of programs without any new legislation being required at all.' So do I, and I believe that the findings of such a commission will open up many of these to us. Prof. William Anderson, of the University of Minnesota, writes, 'If the establishment of a commission could lead to some intensive studies, and not to mere pronouncements of general policies, it would be worth the expenditure of a considerable sum of money. Our own studies in Minnesota indicate that there are many phases of intergovernmental relations that have not been brought to light.'"

Mr. HENDRICKSON. Mr. President, support for the proposal also comes from many public officials and statesmen as well.

Support likewise comes from many people at the Federal level and from those at the State and local levels.

In 1950, the American Municipal Association, in its National Municipal Policy Statement, gave enthusiastic support to the movement for such a commission, specifying only that the cities should have direct representation—which, of course, has always been intended.

Mr. President, I ask unanimous consent that a pertinent part of this statement be incorporated in the Record at this point in my remarks.

There being no objection, the excerpt was ordered to be printed in the Record, as follows:

"The National Commission on Intergovernmental Relations, proposed as S. 1946 (the revised bill in the 81st Cong.), should be enacted at the earliest possible date. Clarification of the difficult questions arising between Federal and local governments can be accomplished best by such a commission. Few activities are more urgent or more important as a means of proving that a democratic Federal Government can work effectively and harmoniously."

Mr. HENDRICKSON. Mr. President, the National County Officers Association, the National Municipal League, the Council of State Governments, and many

other organizations have given their support. The national assembly of the States, sponsored by the Council of State Governments and meeting in Chicago only last month, adopted a resolution urging Congress to enact legislation such as I propose.

Mr. President, I ask unanimous consent that appropriate parts of this resolution be incorporated in the body of the Record at this point in my remarks.

There being no objection, the resolution was ordered to be printed in the Record, as follows:

"Our system of government can be maintained only if the authority and responsibilities of the several States are preserved. The growing encroachment of the Federal Government into activities which traditionally have been, and should be, the function of the States has become a matter of grave concern to all the States. The tax policies of the Federal Government have made it increasingly difficult for State and local governments to obtain the revenues which they require.

"The Federal Government should be responsible for the administration and financing of national responsibilities; State and local governments should be responsible for the administration and financing of their responsibilities; and the responsibility for the administration of joint functions should be jointly financed upon a carefully defined basis. It is our firm conviction that more efficient service to the citizens could be rendered at lower cost if certain of the taxes now levied by the Federal Government were abandoned to the States in lieu of Federal grants-in-aid.

"Accordingly, this eleventh general assembly of the States strongly recommends that—

"(1) The Congress of the United States enact legislation to create a representative agency authorized to study and make recommendations with respect to the administration and operation of functions performed by, and the tax responsibilities of, each level of government.

"(2) The Council of State Governments cooperate enthusiastically with any such agency that may be created by the Congress."

Mr. HENDRICKSON. In conclusion, Mr. President, I should like to point out some of the definite benefits that I would hope might flow from the work of such a commission.

In the first place it would, as I have indicated, get the facts—facts without which intelligent programing and long-range planning are impossible.

An explanation of how we got where we are is a necessary prerequisite to the planning of future action.

The second benefit that I would have to realize as a result of the work of such a commission would be the development of a sort of blueprint for the future—a long-range guide to the determination of policy and procedure.

Third, I believe, that there should be in the Federal Government some kind of central coordinating agency, whose duty it would be to achieve some degree of uniformity in both policy and procedure among the various departments and agencies having relations with the States.

There is at the present time no general policy and no coordination.

I have some ideas as to what the nature of this machinery should be, but for the present I refrain from further comment upon them, on the theory that the Commission should make a specific recommendation as to a proper means of executing the plan which it will present.

Finally, Mr. President, I would hope that this study of Federal-State, interstate, Federal-local, and State-local relations might serve to point up the need for some central clearinghouse for all kinds of information dealing with State and local government, law, and administration.

At the present time agencies concerned with the collection and analysis of such data are scattered all over the city of Washington—in the Library of Congress, the Federal Security Agency, the Departments of Commerce, Justice, Labor, Agriculture, and many more.

There is confusion, absence of essential information in some areas, duplication of effort in others.

There should be, and I believe there is, an appropriate means of bringing some semblance of order out of chaos.

I send the bill to the desk for appropriate reference.

The bill (S. 526) to establish a National Commission on Intergovernmental Relations, introduced by Mr. Hendrickson (for himself and other Senators), was received, read twice by its title, and referred to the Committee on Government Operations.

[From the Congressional Record, February 25, 1953]

INTERGOVERNMENTAL RELATIONS

Mr. HENDRICKSON. Mr. President, I would deem it reasonably safe to assume that we here assembled in this session are not opposed to balancing the Federal budget.

I have no miracle drug and I have no cure-all to administer to this problem—patient of the Nation, but I think that there is a bill presently before the Senate which will one day balance our budgets at all levels of government if we but give it a chance.

I have reference to the bill (S. 526) to establish a National Commission on Intergovernmental Relations, which bill was introduced by me in the Senate on January 16, 1953.

I think that if the proposition embodied in this measure was important enough for inclusion in President Eisenhower's State of the Union address, it is certainly important enough for our studied deliberation here on this floor.

The bill is now pending before the Committee on Government Operations of the Senate.

My colleagues know, Mr. President, that the junior Senator from Wisconsin is confronted at this time by serious, important, and pressing problems of real significance.

The junior Senator from New Jersey is numbered among those who can count only 24 hours in 1 day.

I can appreciate the problems of limited time facing the chairman of that distinguished committee of the Senate.

But I feel that we have our chance to restore long-range economy in government—at all levels of government—and that the time is now, Mr. President, now—with the mandate of the great American electorate still ringing in our ears, a mandate which is as plain as day; an alternative to unbalanced budget after unbalanced budget which could change that bleak night to day.

This Commission on Intergovernmental Relations is designed to study overlapping functions, duplicating services, and competitive fiscal relationships between local, State, and Federal Governments.

It is a reflection of the strong position taken by both parties in the recent campaign.

We campaigned on the premise and on the promise that we would do what we could to stem the tide toward further and further concentration of authority in the hands of the Federal Government here in Washington.

Mr. President, this Commission is a start in that direction—a blueprint for the future; a guide to the determination of policy and procedure for the Congress to follow.

The Commission would strive to find ways of establishing a less competitive fiscal relationship between the several levels of government, including the overlapping and confused systems of taxation and the grants-in-aid programs.

The Commission would seek to eliminate duplication and overlapping services, activities, and functions among the three levels of government.

Its purpose would be to reduce government spending to a low level consistent with efficient governmental performance.

This legislation is not new to the Senate.

I introduced early in the 1st session of the 81st Congress a bill providing for a temporary National Commission on Intergovernmental Relations.

It failed of passage. I will not go into the reasons, although I shall always feel that they were quite political in nature.

I introduced the bill again in the 82d Congress and can report that its counterpart was passed by the Senate, even though it was withdrawn from the House before further action could be taken.

During these several years, we have had substantial evidence of interest and support for this proposal from many individuals and organizations.

I hope and believe that this interest will greatly increase because the climate is right, because the President of the United States has spoken up for the general proposition, and because we in the Senate will add a greater voice to the basic responsibility we find in our hearts—to smooth the working relationships and do what can be done to restore the original balance of power among the levels of government.

This conviction has been growing upon me during a long period of service in public office in my own State of New Jersey and here in the United States Senate.

My experiences at the State level of government gave me an opportunity to observe personally the growing number and complexity of the problems in this field of intergovernmental relations.

When I came to the United States Senate 4 years ago, the Commission on the Organization of the Executive Branch of the Government—the Hoover Commission—was very much in the news and on everyone's mind.

This type of joint legislative-executive Commission seemed to provide a sort of working model which could be adapted to the intergovernmental relations problem.

As a matter of fact, the Hoover Commission recommended that such a commission be set up for the purpose of making a study to ascertain the facts and develop a program of action.

Mr. President, that is what Senate bill 526 would do.

Our new President of these United States is interested—I know that many of you are interested—I pray that the Committee on Government Operations will show the same inclination to know a good thing when it sees it—as it has in past Congresses—and grant an early hearing for Senate bill 526.

I believe my measure offers a real ray of economic hope in the present fiscal picture which is drawn in shades of deep red.

Thus it will always be, Mr. President, unless we get right down to altering the topsy-turvy relationships between Washington, your State and my State; your town and my town.

[From the Congressional Record, March 9, 1953]

PROBLEM OF OVERLAPPING TAXES AND FUNCTIONS IN GOVERNMENT

Mr. HENDRICKSON. Mr. President, as my colleagues know, I have been interested for a number of years in the difficult problem of overlapping taxes and functions among the three levels of Government—Federal, State, and local. The latest of several bills I have offered in the Senate to set up a study Commission on Intergovernmental Relations was introduced on January 16, 1953, and is numbered S. 526.

There appears in the Washington Sunday Star of March 8, an article effectively describing the nature of the problem, its complexities and its future outlook. I ask unanimous consent that this article be included in the Record at this point in my remarks. I commend it to the attention of my colleagues as a worthwhile discourse on a long-standing, but outstanding, problem of government.

There being no objection, the article was ordered to be printed in the Record, as follows:

"FIXING TAX OVERLAP INEFFICIENCIES IS EASIER SAID THAN DONE

“(By Earl H. Voss)

“Overlapping Federal, State, and local taxes have, over the past 40 years, caused many a frustration for the downtrodden American taxpayer, whose income and purchases sometimes are subject to assessment from 2, 3, or 4 governmental units. Every so often the area of overlap has to be pruned. That time has come around again and politicians on all levels of government are getting set for the assault.

“Both the Republican administration and the Democrats on Capitol Hill are aware of the problem. It was studied at some length a year ago. President Eisenhower set up a White House conference recently to study the whole broad field of intergovernmental relationships.

“The administration seems agreed that the first step in removing the undesirable overlap is a thorough study of the whole complicated picture. There already is a bill before Congress to set up a study commission. It has been sponsored in the last several Congresses by Senator Hendrickson, Republican, of New Jersey. This year 10 other Senators have joined him as cosponsors. Senator Hendrickson has been interested in the conflicting government functions and taxing authorities since he was in the State legislature in New Jersey. Another New Jersey official, Gov. Alfred E. Driscoll, has been a leader in the movement for better coordination between the various levels of government.

"LITTLE OVERLAP UNTIL 1913

"Up until 1913 there was comparatively little overlap in the American tax system. The Federal Government got all the revenue it needed from customs—which States were forbidden to levy—and from excises on liquor and tobacco, which the States had not yet begun to tap to any great extent. The States, counties, and cities got theirs from property taxes.

"As government costs went up in the tense period before World War I, however, all levels of government started looking around for new revenue sources. By the 16th amendment to the Constitution, the Federal Government started taxing incomes. A very few States followed suit immediately, but most of them met their expenses by levying excise taxes on selected commodities.

"It was not until the great depression that the States and cities found themselves hardpressed for revenue. They tried general sales taxes, but still could not bring in enough money to meet their expanding expenses. The Federal Government finally stepped in to provide them direct assistance, in the form of loans or grants-in-aid for relief and work programs during the depression.

"Just before World War II there was heavy pressure for doing away with conflicting taxation. But when the war broke out, State and local tax yields increased greatly. Lower levels of government could pay their own way again. The pressure eased until after the war. Meantime, the Federal Government was expanding the range of its taxes. And after the war, the overlap hurt States and cities that much harder.

"The following table shows how Federal, State, and local tax-revenue sources overlapped in 1950 (in millions of dollars):

Tax	Federal	State	Local
Individual incomes.....	\$25,885	\$754	\$64
Corporation incomes.....	26,230	586	7
Sales.....	9,764	4,670	484
Property.....	0	311	7,065
Death and gift.....	760	171	4
Social insurance.....	4,900	1,028	3
Licenses, permits, others.....	145	1,450	383
Total.....	67,684	8,940	8,002

"The sales-tax category in the above table applies to such things as gasoline, tobacco products, stamps, alcoholic beverages, gifts, admissions, and amusements.

"States get most of their revenue from sales taxes, while local governments depend mainly on property taxes.

"Eighty percent to United States

"The Federal Government got 80 percent of all the revenue collected in 1950; the States got 11 percent; and local governments, 9 percent.

"The search for more revenue by all levels of government tends to increase the areas of overlapping. In 1951 more than half of the 46 States whose legislatures were in session raised at least one major tax.

"Exclusive areas?

"Each time the issue of tax overlap has come up there have been some who want to move sharply in the opposite direction. They want to stake out exclusive areas for Federal, State, county, and city governments to levy taxes. This would simplify bookkeeping all around, but it wouldn't be very practical. Some economic areas are strong enough to stand the load of two or three governments' taxes. Other areas cannot produce enough revenue for even one. There just are not enough strong taxable areas to go around.

"Separation of sources, as it is called, also would cause an unequal distribution of tax revenues in many areas. The present system tends to protect States with predominantly low-income taxpayers. It gives them services similar to those enjoyed by States with more high-income taxpayers. Separations of the sources of revenue might work hardships on the poorer States.

"On the other hand, there are definite abuses in the overlapping-taxation technique. In Alabama, for instance, people are taxed four times on the same item: Federal, State, county, and city governments all tax gasoline.

"Besides being four times as vexatious as any single assessment, such tax overlaps have these disadvantages:

"They tend to concentrate taxes unduly on a few economic areas, risking distortion in the national productive pattern.

"They raise the cost of administering taxes by adding new corps of administrators to Government payrolls.

"They harass taxpayers themselves and consume their time and effort filling out 2 or 3 tax forms on the same item.

"They limit local governments' areas of taxation.

"If separating tax sources is not the way to avoid the evils of tax overlapping, what is? The Treasury Department had some definite ideas last year.

"Democratic suggestions

"Here is a list of the methods the then-Democratic Treasury Department outlined:

"1. *Tax sharing.*—In general, the Federal Government would collect certain taxes and share the take with States and their subdivisions. This is not possible in some cases. On cigarettes, for instance, State taxes vary from 1 to 8 cents a pack. The Federal Government would have to give all States the same percentage cut of the revenue. Those States which have high cigarette taxes would have to find replacement revenue if their total take were reduced.

"2. *Deductibility.*—One jurisdiction often allows deduction of other jurisdictions' taxes. For instance, Federal income taxpayers are allowed to deduct State income taxes from their taxable incomes. Some States allow similar deduction of Federal taxes. This becomes significant only in the higher income brackets.

"3. *Tax credits.*—Taxpayers would be allowed to claim taxes paid to States as a partial credit against Federal tax liability. This device has been used in transfer taxes at death, or in unemployment-insurance taxes.

"4. *Uniformity of tax bases and methods of computing taxes.*—States are now moving to make their definitions of taxable income coincide with Federal definitions. Some States peg their income taxes to Federal taxes, taking, for example, 10 percent of the Federal levy.

"5. *Administrative cooperation.*—All levels of Government exchange audit information, and cooperate in other areas of tax administration. The areas could be expanded, thus reducing the costs of administering the taxes.

"Some now in use

"As will be noted from the above list, many of the methods of reducing the conflict among tax jurisdictions are already being used on a limited scale. These methods have come into use quietly, without fanfare or legislation.

"The Treasury Department (then under Democratic leadership) thought last year that this kind of constant chipping away at the most flagrant overlap abuses—without upsetting the infinitely complex tax system—was the way to handle the problem. Legislation, the Department seemed to think, might not be flexible enough to keep up with the changing economy.

"The Republicans are expected to get around to studying the problem soon. They are committed in their platform and by their campaigns to take some of the pain out of taxes. But there is little likelihood that anything definite will be done to relieve tax overlap inefficiencies for a year or two. The issue is too complex."

[From the Congressional Record, April 1, 1953]

COMMISSION TO STUDY FEDERAL-STATE RELATIONS

Mr. HENDRICKSON. Mr. President, the Eisenhower administration, in office a scant 3 months, has followed through on its first campaign pledge dealing with taxation policy, a policy which is probably closer to the American people than any other domestic issue we will deal with in this body.

The fulfillment of this, the first of four taxation planks in the Republican Party platform of 1952, is not by its nature a headline-getting medium. It may be that only keen students of Government—or those officials close enough to this vital situation to care—had the interest to read through the President's message to Congress proposing the establishment of a Commission To Study the Relationship of Federal, State, and Local Governments. But in fact the Eisenhower administration has redeemed its debt to a platform plank which, in my

judgment, may well turn out to be the most important fiscal accomplishment of its years.

Mr. President, let me first read this particular portion of the Republican platform on tax policy which the party advocated and carried into the 1952 campaign:

"An immediate study directed toward reallocation of fields of taxation between the Federal, State, and municipal governments so as to allow greater fiscal freedom to the States and municipalities, thus minimizing double taxation and enabling the various divisions of Government to meet their obligations more efficiently."

The Republican platform used the word "immediate" in its reference to the suggested study—and President Eisenhower and his associates took the platform at its word.

The idea of a study of the proper relationships between our three levels of Government is not new with the Republican Party, nor was it new in Chicago last summer.

Several bills have been introduced in past Congresses with a view toward establishing a Commission on Intergovernmental Relations, designed to study the prospects of getting the Federal Government out of a number of fields of Government which would be better left to the States to administer.

In the 81st Congress, a bill, S. 1146, to set up this study group was approved by the Senate.

However, on the following day, the bill was recalled from the House, and it may well have been that partisan considerations provoked that action. I have always suspected such to be the case.

I was a coauthor of that bill, as well as the author of similar legislation in the 81st and 83d Congresses.

I am grateful for the cosponsorship and maximum support of these efforts by many of my colleagues on both sides of the aisle through the difficult years when the executive climate was not conducive to the bearing of the fruit of economy.

There is, however, a new climate in Washington these days.

Mr. President, please allow me to point out how President Eisenhower picked up the ball of leadership in this matter and started goalward with it.

Back in July at a press conference, he had this to say:

"I favor carrying out the Hoover Commission recommendations. I want to carry this recommendation further, and support a study to determine whether some Federal functions cannot be returned to the States. The closer to home we can keep the responsibility, cost, and authority for all Government projects, the better."

During the campaign, he touched upon this plank nailed into the Republican platform in this fashion:

At Houston, Tex., the home of the distinguished present occupant of the chair [Mr. Daniel], on October 14, 1952, Candidate Eisenhower declared:

"Keep as much of the Government as close to the people as possible. That system of government has served us well, one in which States have had a vital part. The preservation of local order, elbowroom to produce and build, protection of our titles to land," a subject which is very close to us at the moment, "the sacredness of our homes from intrusion, our right to get the best schooling for our children—we are secured these basic freedoms in the first instance by our State, our country, and our hometown."

A few months later he was President Eisenhower, facing the Congress in his maiden state of the Union address. He told the Congress:

"To bring clear purpose and orderly procedure into this whole field, I anticipate a thorough study by an appropriate commission of the proper relationship among Federal, State, and local programs in this whole field."

In requesting the Congress to authorize a Federal-State relationship commission, our President said in his message of March 30:

"The present division of activities between Federal and State governments, including their local subdivisions, is a product of more than a century and a half of piecemeal and often haphazard growth. This growth in recent decades has proceeded at a speed defying order and efficiency. One program after another has been launched to meet emergencies and expanding public needs * * *. In many cases, especially within the past 20 years, the Federal Government has entered fields which, under our Constitution, are the primary responsibilities of State and local governments.

"This has tended to blur the responsibilities of local government. It has led to duplication and waste. It is time to relieve the people of the need to pay taxes on taxes."

Thus spoke General Eisenhower, as candidate and as Chief Executive.

Leadership in this eminently important field of fiscal and functional relationships has been taken and tenaciously clung to by such outstanding organizations as the Council of State Governments and its Governors' Conference; by the American Municipal Association, the National County Officers Association, the National Municipal League, and many other organizations which have given our legislative proposals their earnest support through the difficult years.

The Governors Conference committee on intergovernmental relations, headed by the distinguished Governor of New Jersey, Alfred E. Driscoll, stated this view earlier this year:

"Our system of government can be maintained only if the sovereignty of the several States is preserved. The tax policies of the Federal Government have made it virtually impossible for the State and local governments to obtain the revenues which they require.

"The levying of taxes upon identical products by both State and Federal Governments results in a wasteful duplication of administrative expense.

"It is the belief of the Governors' Conference that more efficient service to the citizens could be rendered at lower cost if certain of the taxes now levied by the Federal Government were abandoned to the States in lieu of Federal grants-in-aid."

Mr. President, as long ago as May 9, 1949, Governor Driscoll came before the Joint Subcommittee on Intergovernmental Relations of the House and Senate Committees on Government Operations.

Testifying on behalf of several bills which would have established a study Commission, Governor Driscoll stated, with vision and candor:

"Year after year our Presidents in public messages have stressed the importance of retaining our Federal system, and pointed to the danger of concentrated political power based upon the power to tax and distribute tax money

"The continued usurpation by the Federal Government of tax bases formerly belonging to the States and their political subdivisions has dried up sources of revenue upon which the latter relied, and thus increased the pressure upon the Federal Government for Federal assistance.

"We have thus, therefore, a vicious circle in which requests for assistance compel the Federal Government to maintain abnormally high taxes when the solution of the problem is to be found in the reduction of Federal spending and the restoration to the States and their political subdivisions the capacity to finance governmental services at the local level where the benefit is received."

Mr President, suffice it to say that there are many responsible officials at all levels of government who have readily seen that our competitive fiscal and tax relationships, our overlapping functions, and our duplicating services represented a governmental bearcat which would sooner—not later—have to be seized by the tail.

The President's message and the legislation which will soon be offered in the Congress represent the "seized tail."

What would this Commission study; how would it approach this major problem of our times?

I submit, by way of suggestion only, that all Federal grants-in-aid programs be examined to determine the following:

First. Should the grant be continued?

Second. Can and should the service be provided and financed by the State itself and to what extent?

Third. How should the activity be administered?

To enable the States to assume more of the responsibility for performing the domestic functions of government and to raise necessary revenue to support these activities, the National Government might well withdraw from such tax areas as gasoline, admissions and amusements, local telephone service, and might reduce to some extent excise taxes on alcoholic beverages and on tobacco products.

It might reorganize and readjust Federal estate and gift taxes in order that the States might receive approximately 50 percent of the combined revenue derived therefrom.

More specifically, Mr. President, take the field of health, for example.

There are 10 separate and distinct programs in this field to which the Federal Government contributes through grants-in-aid to the States.

They are: General health assistance, venereal-disease control, mental health, heart-disease control, tuberculosis control, cancer control, water-pollution control, maternal and child health services, services for crippled children, and hospital construction.

Seven of these activities clearly have to do with health. With respect to three, there are other major aspects involved, such as welfare, education, and public works.

The total Federal grant to the States for these 10 activities in 1952 was \$143 million.

These grant programs, certainly those that are strictly health, might be reappraised as a whole.

Should the Federal Government in Washington continue to make all these grants?

Should there be one consolidated grant for general public health rather than many individual and specific grants for parts of the health programs?

These are questions which the Commission might carefully explore.

Mr. President, there are many other areas of function, including agriculture, the old-age assistance program, and the construction of highways, which readily lend themselves to exploration.

These are random ideas hammered out on the tough anvil of governmental experience.

The field of inquiry is wide and the chances for improvement bright.

Those of us who have labored in the wilderness have a new champion in the executive department and we have a growing public awareness of the problem aiding us in our revived efforts.

A few days ago, on March 29, a clear-thinking editor of the New York Herald Tribune had this to say in an editorial:

"The problem of double and triple taxation is a fairly recent one, arising from the pressure for more revenue existing at all levels of government.

"Through much of our history, Washington obtained what it needed for national purposes from customs duties, excise taxes, and the sale of public lands; while property taxes and license fees sufficed for the States.

"Today, however, the tendency is for various governmental authorities to drink thirstily at the same sources of revenue.

"Gasoline and beer are taxed by all 48 States as well as by the Federal Government; death taxes and taxes on liquor fall almost as prevalently under the double burden."

Mr. President, the distinguished colleagues who joined me in the introduction of Senate bill 526 in the present Congress will need no urging when the administration bill is offered in the Senate.

I have reference to the senior Senator from Maine [Mrs. Smith], the senior Senator from Kansas [Mr. Schoeppel], the Senator from Delaware [Mr. Williams], the Senator from Wyoming [Mr. Hunt], the Senator from Iowa [Mr. Hickenlooper], the junior Senator from Kansas [Mr. Carlson], the Senator from New Hampshire [Mr. Tobey], the Senator from New York [Mr. Ives], the Senator from Massachusetts [Mr. Saltonstall], the Senator from Ohio [Mr. Bricker], and my distinguished colleague, the senior Senator from New Jersey [Mr. Smith].

The Senate, I am certain, will recognize in the administration bill to be offered by the distinguished majority leader an opportunity for financial redemption from a hodgepodge of confusion which has been with us too long.

Senator HENDRICKSON. It discloses the legislative background of all the efforts made on behalf of an Intergovernmental Relations Commission, and mentions those Members of Congress who have labored in forgotten vineyards over the years. You see, I have not forgotten that I was not the only person in the Congress, and this applies to members on both sides of the aisle, who has had this fine objective in mind.

I am here today in support of any House bill or Senate bill which incorporates the basic ideas of S. 1514, as reported by the Senate Committee on Government Operations.

This bill came out of committee as the Taft-Hendrickson-Ferguson bill, and it is my understanding that it embodies the administration proposal also found in the Halleck bill, H. R. 4406.

Senator Taft and I both appeared in support of these proposals before the Senate committee late last month. Our discussion pointed

up the relatively minor differences between our two versions and emphasized the similarities in approach.

We both agreed that the bills might very well be merged to an extent, particularly with the strong support of the American Municipal Association for certain features regarding the duties of the proposed Commission which were in my bill.

Consequently, minor changes were made in Senate 1514 as reported by the Senate committee, and as far as I know, representatives of all three levels of government are now quite satisfied—I am referring to the Federal, State, and local levels—with the Taft-Hendrickson-Ferguson measure as passed by the Senate on May 6.

I can only state to you members of the subcommittee that any Commission bill designed to examine the field of overlapping functions, duplication, and waste in administration, and all the tangled vines of confusion which have grown up and ensnared our fiscal and tax relationships through the years, must be a good bill.

One of the basic props in the philosophy of the Republican Party, and in the philosophy of many Democrats, as well, is to return to the States many of the functions of government which they might better administer at the local level.

The time is ripe; the time is now. I heartily commend to your subcommittee the enactment of any legislation which incorporates the thinking behind Senate 1514.

Madam Chairman, in the interests of building a record for your subcommittee, I thought that perhaps a résumé of some statements and speeches which I have made delving into this problem since I have been in the Senate, might be acceptable for introduction in my testimony. (See p. 140-157.)

I thank you very much.

Senator HENDRICKSON. If any members of the subcommittee have any questions I would be delighted to try to answer them, although my colleagues on two Senate committees are waiting for me.

Mrs. HARDEN. Does the Senate bill as amended meet the requirements of the situation as you see it?

Senator HENDRICKSON. I think it does. I was, of course, originally wedded to the panel system of appointing members to the Commission, but I have been convinced that perhaps that might not be wise. I think that is the major difference between the bill introduced by Senator Taft and my original bill, the panel system has been completely eliminated.

When I say "panel system," I am referring to the panel system of appointment where panels would be submitted to the President and he would appoint from the panels.

Have I made that clear?

Mr. OSMERS. You have to me.

Mrs. HARDEN. Yes; thank you.

Mr. Meader, do you have any questions?

Mr. MEADER. I would just like to get your reaction to some of the problems which have been raised with previous witnesses, Senator, if you don't mind.

Senator HENDRICKSON. I would be glad.

Mr. MEADER. There has been a question raised as to the definition of the scope of the jurisdiction of the Commission that the language of—

Senator HENDRICKSON. I haven't the bills before me.

Mr. MEADER. Section 3 seems to contemplate concentration on the Federal grant-in-aid programs and does not specifically refer to some of the other problems involved in Federal-State relations, such as tax exemption, competition for sources of revenue.

Senator HENDRICKSON. I am glad you asked that question.

Mr. MEADER. I wonder if language could be found which would broaden the scope and clarify the mandate of the Commission, and whether such an attempt would meet with any objection on your part.

Senator HENDRICKSON. Not from me. I wanted to have the scope broadened. In my original bill introduced the first year I was in Congress, in 1949, the scope was very broad. I think it was Senate 810, if I am not mistaken. It is referred to, anyway——

Mr. MEADER. I did not mean to go into a great deal of detail, Senator, but I just wanted to get your attitude on that possible amendment the committee might consider.

There are two other matters of a somewhat mechanical nature that have arisen in our previous hearings. One is the requirement of civil service for employees of the Commission. It has been suggested that that might, in view of the short time for the Commission to operate, make somewhat more difficult the rapid acquisition of a staff.

Senator HENDRICKSON. There is no doubt about that.

Mr. MEADER. President Hoover has written a letter to the committee recommending that the requirement of complying with civil service and classification laws with respect to the staff of the Commission be eliminated. I am wondering what your attitude is about that.

Senator HENDRICKSON. That would not make me unhappy at all because I can see where you would have limitations imposed by this provision.

Mr. MEADER. A third question has arisen as to whether or not there would be any objection on your part if this committee saw fit to grant the subpoena power to this Commission.

Senator HENDRICKSON. No; that should be done. The power of subpoena was incorporated in my original bill. You might need them; the chances are that you won't, but it is always good to have them.

Mrs. HARDEN. Mr. Osmers, do you have some questions?

Senator HENDRICKSON. I might say in response to Mr. Meader, that it does not make any difference to me what particular form the bill may take. I want to see the job done. I want to get down to work on this thing and start to assemble the vast wealth of material that we all know is available, scrutinize and study it.

Mr. OSMERS. The point that I want to go back to, Senator, was this. The Senate Committee put in the bill the language about Federal tax immunity and apparently on the floor of the Senate it was stricken from the bill on the basis that it might open up a discussion and an investigation of tax-free municipal finance obligations.

Senator HENDRICKSON. Bonds, that was the concern, of course.

Mr. OSMERS. Now, it seems to me it would be rather futile to put a fence around that particular subject. I cannot visualize Congress changing the present provisions in that particular field.

Senator HENDRICKSON. Nor can I.

Mr. OSMERS. But to specifically strike it out is almost an instruction to the Commission to stay away from the subject, and some of us feel

that unless there is some overriding consideration that language ought to go back into the bill. How do you feel about it?

Senator HENDRICKSON. I consented to the amendment. I made no objections to it because I wanted to see a bill passed. However, I think Senator Taft feels very strongly on that subject because he proposed the amendment and he seemed to be insistent that we have the amendment. For my part, I would not object to a restoration of the language.

Mr. OSMERS. The reason for restoring it, in my judgment, would be to broaden it out as much as possible.

Senator HENDRICKSON. That is right.

Mr. OSMERS. That is all that I have.

Mrs. HARDEN. Senator, do you feel it would delay the passage of the bill?

Senator HENDRICKSON. I do not believe that it would. You mean for you to have it amended here in the House?

Mrs. HARDEN. Yes.

Senator HENDRICKSON. I cannot believe it would. I don't think anyone in the Senate feels very strongly about any of these points we have been discussing here.

Mrs. HARDEN. Mr. Hillelson, do you have any questions?

Mr. HILLELSON. No questions.

Mrs. HARDEN. Senator Hendrickson, I want to raise a point while both you and Senator Ferguson are here.

It has been the belief of the members of this subcommittee that one good practical way to help Federal-State relations is for the Federal Government to cease competing with industry in purely competitive commercial fields. Commercial concerns pay taxes to local governments. Federal commercial activities pay no taxes, and we have found that in many cases it is difficult to know whether or not they are economically operated. I want to show you and Senator Ferguson a partial list of commercial and industrial-type activities now being operated by Federal agencies, both military and civilian. Mr. Ward, will you hold up the list?

We plan to hold hearings within the next few weeks on the justifiability of the operation of many of these government industries. We hope that you folks in the Senate will give favorable attention to our hearings and perhaps come over and testify at that time.

(Note: The staff director stood on the table and unrolled a 10-foot scroll with a list of commercial and industrial-type activities in the Federal Government at this point.)

Senator HENDRICKSON. Madam Chairman, I knew there was a great deal of this activity, but this is shocking.

Mrs. HARDEN. And there is some more down on the floor. Now, isn't that amazing?

Senator HENDRICKSON. I would not have believed it unless I saw it assembled.

I certainly thank you for the invitation, and I will certainly take advantage of the opportunity to come over and listen in on some of these hearings because I think you have gotten into a very important field. I do think we have to eliminate a lot of these activities on the part of the Government.

Mrs. HARDEN. We certainly appreciate your taking time from your busy schedule to come over and meet with us this morning, and thank you for your very fine statement, sir.

Senator HENDRICKSON. Thank you. It is always nice to be with my neighbor from New Jersey.

Mrs. HARDEN. In 1947 the Congress created what has become known as the Hoover Commission, to study and investigate ways of reorganizing the executive branch of the Government to make it more effective and efficient. A \$265 billion debt annually augmented by an unbalanced budget is pushing us perilously close to the brink of the statutory limit of \$275 billion.

There is a proverb that "economy is a great source of revenue." This we do believe. This we need to practice, first through organization, and then through administration.

Everyone is acquainted with the progress made by the Commission, and gratifying though that progress has been, there is the general opinion that much remains to be done. For this reason there is a general movement and need to continue the basic long-term studies on reorganization that were started under the Hoover Commission.

We are honored to have with us today Senator Ferguson of Michigan, who introduced S. 106, for the establishment of the Commission on Organization of the Executive Branch of the Government. This bill passed the Senate on May 6, and the companion bill introduced by the Honorable Clarence Brown, a member of this committee, is now under consideration by our subcommittee.

We are pleased to hear Senator Ferguson's testimony at this time.

STATEMENT OF HON. HOMER FERGUSON, A UNITED STATES SENATOR FROM THE STATE OF MICHIGAN

Senator FERGUSON. Madam Chairman and members of the committee, I am very glad to come this morning before this committee and endorse Congressman Brown's bill which is a companion bill to my own. It is No. 992, I believe.

Mrs. HARDEN. That is correct.

Senator FERGUSON. This matter was taken up with the President and with members of his Board so that when the bills were introduced they were introduced both in the House and in the Senate. We felt that quick action should be had, and we have, I think, been fortunate to get S. 106 approved by the Senate.

I believe that we should make this study. At times we all feel that committees could do this particular work, that if we just assign the work to the committees we could do this work.

Well, my 11 years in the Senate has brought me to the conclusion that a job as large as this cannot be done by the committees. I have served on the Executive Expenditures Committee in the Senate and I have been on many investigating committees in the Senate, and I had to come to the conclusion that it takes a commission such as the Hoover Commission to do this job. They even found difficulties when they got started to go into the functions, which is one of the most touchy subjects that we had under the previous administration, because, in my opinion, of the size of the Government today. When you just held up this scroll of the names of the different things that

have been taken over by the Government it indicates what has been happening in Government. I, too, was shocked. I realized that we were having a creeping, and this would indicate more than creeping, into the business world, that they have taken over a great amount of business; and I hope that this Commission under S. 106 and H. R. 992 will be able to help you on this particular subject of seeing whether or not business can be turned back to the people rather than being taken over by the Government.

Now, the question might arise as to why we should have two commissions. We had put in our bills 992 and 106, and Congressman Brown, and I felt that this whole subject should be studied as one. Then it was decided at the executive office, and I can see a reason for it, that the relations between the States and the Nation in Washington should be studied by a separate commission, that it involved the question, probably, of putting governors on the commission, which would not have anything to do with the bill that we had in mind, and it would not be a proper place to have the State governments in as we do not intend to ask for the power to go into the State governments as to what they might do, but this relationship between the State and the Government, as indicated by Mr. Halleck's bill, H. R. 4406, and Senator Taft's bill, in which I have joined, and Senator Hendrickson, Senate bill 1514. They had in mind going into this question of relationship between the States on granting aid, and so forth, and I can see a field so large there and so important and a little different than the field that would be covered by S. 106 and H. R. 992 that it would be well to have the 2 commissions rather than the 1.

Now, I notice here this morning you raised the question as to whether or not they should have the right to go into this question of taxing. I think it was Senator Taft's opinion at first that they should limit this, and I think the wording of the first bill introduced in the Senate indicated they should go only into the question of granting aid and not go into this question of taxation.

Now, I haven't any opinion on that that would be of value to you because I don't know what it would mean to the Commission. It may delay its action so long that the grant-in-aid program would suffer by virtue of the fact that we were delaying it to go into this other question; or you may indicate in your report that it was the hope that if you put it in the Commission would look into the grant-in-aid and not delay that matter and proceed with that, because I think that is very vital. Being a member of the Appropriations Committee, we have it coming up almost daily and, therefore, it is of vital importance.

I want to say that I share the view about not putting the hiring of people under civil service. I think that might delay it, knowing about how the civil service is operated in the Federal Government. While I am a supporter of civil service, I think it has its weaknesses, also, and when you have a commission that must do its job and must be under a particular head you ought to give that head and that commission the capacity to do the job without regard to civil service.

I must say, on the subpoena question, I think by all means it should be added. The chances are that it will not be needed, but they may want to use it, and as a former judge I have known many people that would like to appear and give testimony but they didn't want to do it voluntarily, and if they can be handed a subpoena they feel

much better about coming before a board or someone to give their evidence. It is just the way they feel about it. That is why I feel that you should put the subpoena power in.

Mrs. HARDEN. Do you believe that that would interfere with the immediate passage of the bill?

Senator FERGUSON. I don't think so in the Senate at all. I think it was just one of those matters that, being a commission, Congressman Brown and I just did not consider at the moment, but as soon as it is raised, why, I see that, in my opinion, it is one of the things that should be added.

Mrs. HARDEN. Do you have any questions, Mr. Meader?

Mr. MEADER. Senator, I am very glad to hear you say that you would like to see the committees of Congress do this but you are afraid they would not do it, and that is exactly the way I feel about these proposed commissions. Both of them actually deal in fields which this committee already has jurisdiction to investigate, and we already possess the subpoena power, of course. But as a practical matter I realize, although I do not approve of it, that Congress is very niggardly in providing appropriations for its own activities. I am satisfied that we will never get for this committee the amount of money necessary to do the thorough and penetrating study that needs to be done. So as a practical matter, I go along with the idea of creating these two commissions.

Senator FERGUSON. I share your views, and I know the labor that this committee is doing here. I know the work that each Member of the House has to do. I know that this morning I have 3 committees set down, in fact, 4 set down at 10 o'clock—Small Business, Foreign Relations, and two in Appropriations—and I find myself that I would rather be here this morning because of the importance of this matter than at any of those meetings.

But that indicates that the committees, while they want to do the work—and I think that they should do some of this work—yet we can't get it done, it would take such a long time. I think a commission named, and the House and the Senate joining in it, will get this job done because it will become the business of that commission rather than to have it done piecemeal by various members of the various committees of the House and Senate.

Mr. MEADER. In your statement you have covered most of the technical points I was interested in, and I appreciate your making a statement on them.

Senator FERGUSON. I suppose I did that because of hearing your questions to the other witness.

Mr. MEADER. The only question remaining of a technical nature is the title of the commission. I noticed in the report that the Budget Bureau recommended that the name be changed from the original title in your bill to the Commission on Governmental Operations for the purpose of avoiding confusion between this new commission and the Hoover Commission, but it does create the confusion that we have committees on Government operations. I am a little disturbed to have the new commission have the same title as the two standing committees of the Senate and the House on this same subject. It seems to me it might be less disastrous to have this commission confused with the Hoover Commission, which was practically identical in purpose, than to have it confused with committees of the Congress.

Senator FERGUSON. When this was brought to me, this question of title, after we put the bill in, I had to say that I did not care what they called it as long as we obtained it, and they felt in the Senate, on the suggestion of Mr. Dodge, that this Commission on Governmental Operations would be better than confusing it with the Hoover Commission, and I hope the work of this commission will be so good—and, by the way, this committee will review all of the work of this commission that comes in by way of proposed legislation, that is one good thing, and I hope that the name won't interfere in any way. I wouldn't know what to call it. I had a suggestion in the original bill, but they thought that was so near to the Hoover Commission that they wanted to change the name.

Mr. MEADER. In other words, you are not too concerned about the name of the commission?

Senator FERGUSON. No, that is what I say. I haven't any suggestions on the name. What I would like to see, and I know Congressman Brown feels the same way about it, is something embodying what we had in mind, to study all the functions—and you make me even stronger in my opinion that it is needed when you hold this chart up this morning, showing that that is one of the things that you are going to study, and something must be done about it.

Mrs. HARDEN. Mr. Osmer, do you have any questions?

Mr. OSMERS. No, I think Senator Ferguson covered the points very well. I am just wondering about two points—whether we might call this commission the Commission on Government Organization, so as to take out the word “operations” and not confuse it with Senate committees or this committee.

Senator FERGUSON. At one time I thought of “functions,” but some people don't like that word—Committee on Government Functions. I rather liked it at first because I find in appropriation work it is the functions of the Government that have pyramided the bureaucracies in the function of the Government, and if you and the chairman and the members of the committee could find a title with the word “functions” in it—we were going to call it the functions of Government.

Mr. OSMERS. Possibly call it Government functions.

Senator, one other question: Do you feel that the makeup of the Commission, that is, 12 members from the executive, Senate, and House—do you think that is a broad enough group to work on it?

Senator FERGUSON. Well, we thought so. We really thought so, and if it were enlarged by 1 member in each branch and 1 by the executive it would add 3 more.

Mr. OSMERS. I was thinking we were in this other bill that we are dealing with here.

Senator FERGUSON. Yes.

Mr. OSMERS. We have 15 appointed by the President and 10 from Capitol Hill.

Senator FERGUSON. Yes. There was a reason for those 15.

Mr. OSMERS. They wanted to represent—

Senator FERGUSON. The States. But I hope we don't get this Commission too large.

Mr. OSMERS. Well, I think we could leave it as it is. I just wanted to sound you out on it.

Mrs. HARDEN. Senator, do you think that section 3, subsection b on page 3 of the bill should be stricken from the bill?

Senator FERGUSON. Well, I must say that I think it would be well to put it as you have put the other, allow the discretion of the appointing power to determine the qualifications rather than the political qualifications. I would say "Yes."

Mrs. HARDEN. Thank you.

Mr. Hillelson, do you have any questions?

Mr. HILLELSON. None, Mrs. Chairman.

Mrs. HARDEN. Thank you so very much, Senator Ferguson, for coming over and giving us the benefit of your vast experience on this important legislation.

Senator FERGUSON. Thank you for this opportunity to be here with you.

Mrs. HARDEN. We are pleased to have with us this morning our colleague from New York, the Honorable Kenneth Keating, who introduced H. R. 469, "to reestablish the Commission on Organization of the Executive Branch of the Government," and we will be pleased to hear from you at this time, Congressman Keating.

STATEMENT OF HON. KENNETH B. KEATING, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW YORK

Mr. KEATING. Thank you very much, Madam Chairman and members of the committee. I appreciate this opportunity to be heard on H. R. 469, which is exactly the same in wording as a similar bill which I introduced at the opening of the 82d Congress.

The Commission on Organization of the Executive Branch of the Government, popularly known as the Hoover Commission, created by the 80th Congress, performed an unusually distinguished public service. Due to its nonpartisan parentage and personnel, it enjoyed a unique and universal confidence rarely achieved by any public body. A creature of statute, it breathed its legal last 90 days after it submitted its report to the 81st Congress.

Congress has not debated and either acted or declined to act on many of the important recommendations of the Hoover Commission. A number of suggestions, some in modified form, have been enacted into law. Some savings in the cost of Government and some increase in efficiency have resulted, but much more is possible, given the cooperative desire on the part of both the executive departments and agencies and the Congress.

One reason for the foot dragging in the past, and in some instances outright opposition, was, of course, the loss of Federal jobs which would result from putting into effect plans to make the machinery of Government operate more effectively and economically. Noses would be cut off. Toes would be stepped on. Sacred cows would have to be sacrificed.

Now, these considerations, ignoble as they may have been, need no longer be an effective bar to action. The present administration, though less than 4 months old, has already demonstrated that it will not be deterred in its determination to reduce the cost of Government by the political consideration that such action necessarily and inevitably entails a reduction in available jobs.

In order to offset in these perilous times the extraordinarily large budget items necessary to insure our survival as a free nation, we must cut, and cut deeply, the proposed spending programs for non-

essential, nondefense purposes. Moreover, it seems more than likely that we face these swollen military outlays for the indefinite future unless there is a more decided change in the temper of the Kremlin leaders than their deeds, as contrasted perhaps with their words, will reasonably justify. If that is so, we shall constantly be confronted for years with the problem as to what Government activities, however intrinsically desirable, must give way to the imperative necessities of the hour.

First things must come first. Certainly first things involve the safety and security of our Nation. It is high time that we faced up to the stark reality of our time, that money does not grow on trees or spring from the soil. We cannot continue to spend billions of dollars on defense measures, rehabilitation, and rearmament of foreign nations and other essential expenditures and still continue at the same old stand wasting untold sums in keeping our Federal Government in running order. Catering to partisan factions who want to preserve the patronage lines, avoiding the topic of efficiency because it would hurt the feeling of sensitive administrators and continued unrealistic attitudes which count on the well never running dry must be stopped. This business of Government must be streamlined and reorganized if we are to avoid bankruptcy, with the resultant catastrophic consequences. No business and no family can continue to waste and spend and borrow and steal without paying the piper; and there is nothing which would render the Government immune from the disaster which every day befalls inefficient and poorly managed private firms or families with disorganized budgets. President Eisenhower and his able team have repeatedly manifested an awareness of these fundamentals.

In order to avoid a burden of taxation and a levy upon pay envelopes so crushing as to threaten our ability to maintain a sound economy, beside drastic reductions in budgeted items, we must have the courage to eliminate entirely certain services, activities, and functions of Government which cannot clearly meet the test of essentiality.

In order to assist the Congress in facing this challenge, it is suggested that life again be breathed into the Commission on Organization of the Executive Branch of the Government. H. R. 469 would reconstitute this body to deal with this vitally important subject. I first proposed this measure over 2 years ago early in the 82d Congress and reintroduced the measure on the opening day of this Congress.

It might be presumptuous to suggest, but pardonable to hope, that the President, the President pro tempore of the Senate, and the Speaker of the House, in making their selections for membership, bear in mind the advantages to the country involved in endeavoring to persuade the former members of this Commission to render this additional service. Their outstanding abilities and extensive background would enable them to make valuable contributions much earlier than would be possible for others new to the work.

It can, of course, be urged that the Committee on Appropriations and Committee on Government Operations could do this job without the aid of an outside commission. Theoretically, perhaps, that is true. The same observation might be applied to the previous services of the Hoover Commission which were of such inestimable value. The plain fact is that the congressional committees are not likely to take the bit in their teeth and come to grips with this problem, unless

they have the backing of a disinterested, nonpartisan group of this kind. On the other hand, with such support, the unfavorable political repercussions always attendant on the elimination of services, agencies, or functions will be greatly minimized and it is reasonable to expect constructive results.

Mrs. HARDEN. Congressman Keating, do you believe that the bill under consideration is adequate, from your point of view?

Mr. KEATING. Well, since drawing it I think it probably would be wise to amend it if the committee looks favorably upon reporting out a bill along these lines, to stress the function of the Commission as reconstituted to dig primarily into the question of what services which are now being performed by the Federal Government could better be performed by State and local governments.

That necessarily is going to entail a reduction in expenditures and, I believe, an increase in efficiency in the machinery of the Federal Government, and I think it was not primarily the concern of the Hoover Commission as originally constituted.

I do think now that the greatest stress should be placed on that, and I have no pride in the language, Madam Chairman, of H. R. 469. I have no doubt it could be greatly improved.

Mrs. HARDEN. Mr. Meader, do you have any questions?

Mr. MEADER. Yes, Madam Chairman.

Congressman Keating, I suppose you know that we are also considering S. 1514, which does create a Commission on Intergovernmental Relations, a 25-member Commission, whose general task is to study the relations between the Federal Government and the State and local governments. Apparently there was some sentiment in favor of combining the two Commissions in the Senate, but the fact that they wanted to have representation from local governmental units, governors of States and perhaps mayors of cities on this Intergovernmental Relations Commission seemed to indicate the wisdom of keeping them as separate bodies, since the so-called Hoover type of commission would be concerned only with reorganization in the executive branch of the Federal Government.

Mr. KEATING. You mean under S. 106 it contemplates that some of the members of the 25-man body would be State officials?

Mr. MEADER. Not 106, S. 1514, which has passed the Senate.

Mr. KEATING. Oh, passed the Senate?

Mr. MEADER. Both bills passed the Senate, one creating a Commission on Intergovernmental Relations, to study the relations between the Federal Government and State and local governments, and the other to create a Hoover-type commission similar to that created in your bill H. R. 469.

I say the idea of keeping them separate rather than have the Hoover-type commission concern itself with relations with State and local governments is because the 25-member Commission on Intergovernmental Relations is expected to have among its members representation from the local governments, which would not necessarily be appropriate in a study that confines itself to a reorganization of the executive branch of the Federal Government exclusively.

Mr. KEATING. In other words, under S. 1514 it is expected that the President and/or the President of the Senate and the Speaker—

Mr. MEADER. Just the President.

Mr. KEATING. Just the President in his 15 appointees will include some governors or State officials?

Mr. MEADER. Yes.

Mr. KEATING. I see. I am sorry, I was not aware of the complete scope of your proceedings. I think I was advised by the committee, but it is just one of those things in the whirlwind here you don't catch up with.

I was given an opportunity to appear on my bill, and I appreciate it very much. I didn't know the exact scope of these proceedings, but I think that is——

Mr. MEADER. There have been one or two matters of draftsmanship in these bills such as yours, H. R. 469, which we have discussed with previous witnesses. One relates to section 7 of your bill which would require the Commission to employ its staff in accordance with the provisions of the civil service laws and Classification Act of 1923.

Mr. KEATING. I am not wedded to that by any means. I think perhaps it is ill-advised in the light of some of the things we are discovering about the civil service laws and the abuses of them in the last few years.

Mr. MEADER. President Hoover has written a letter to the committee indicating that that was somewhat of a handicap in the operations of the Hoover Commission. Of course, I am strong for the merit principle in public employment, but these temporary commissions——

Mr. KEATING. So am I strong for the merit principle. I am not sure that is synonymous with civil service.

Mr. MEADER. I would go along with that, too, but on these temporary commissions it might necessarily delay and restrict operations if they had to acquire their staff through the red tape and so on of the civil service laws and Classification Act.

Mr. KEATING. I would be greatly influenced by what ex-President Hoover said because of his experience before.

Mr. MEADER. Another question is whether or not it would be desirable for the commission to have the subpoena power. Most of these drafts have not included that power. Yet a good many of the witnesses have said although it might not be needed, it would be a handicap to need it and not have it.

Mr. KEATING. Undoubtedly it would help the Commission. It is a question of policy whether we are going to extend the subpoena power beyond the courts and congressional committees. I have not given considered thought to that subject. I think it bears a good deal of thought before giving subpoena power to a commission created in this manner. However, undoubtedly if I were a member of that Commission I would feel it would greatly expedite my work. I think that is something the committee ought to give a lot of thought to. I don't know the answer to it.

Mr. MEADER. Aside from those rather technical matters, I was concerned with the last paragraph of your prepared statement where you say, "The plain fact is that the congressional committees are not likely to take the bit in their teeth and come to grips with this problem, unless they have the backing of a disinterested, nonpartisan group of this kind."

Mr. KEATING. I don't mean that to be critical of my colleagues, including myself. We all know the practical effect of any move which

we try to make for economy or efficiency in government. The great shouters for economy and efficiency do not get behind us when we go to the polls. The people that we hear from when we stand up and take the rap on voting to reduce any expenditures are the pressure groups that want more money spent.

Now, that is a practical fact in political life, and I suppose perhaps that sentence is a little stronger than it should be. Certainly I have great confidence in this committee and I know that the members of it have shown on more than one occasion their willingness to stand up and do what they think is right in the face of opposition, but I mean to say that it would be very helpful to those of us who must respond to the Legislature for it if we could go to them and say, "Now, this was something that a body of men of nonpartisan character who studied this matter for a long time said should be done in the national interest, and we acted in accordance with those recommendations."

Mr. MEADER. The reason I call attention to that sentence is that both of these measures we are now considering create new agencies to do what this committee already has the authority and the duty to do, namely, to investigate relations between the Federal Government and State and local government on the one hand, and investigate efficiency and economy in the executive branch of the Government.

In general, I dislike to create these new agencies to do what committees of Congress ought to be doing. I will probably support these bills, however, not because there is a lack of inclination on the part of the committee to do its job, but because there seems to be a lack of support in the management of the Congress to provide the committees with the financial support to acquire a staff which could do the job effectively.

We are very generous in giving a Commission substantial amounts of money. We gave the Hoover Commission \$2 million. But if we suggested that this subcommittee would undertake a study of inter-governmental relationships if we were provided with an appropriation of a million dollars I doubt that we would get very sympathetic consideration from the management of the House of Representatives. We are given \$65,000 a year to do our job.

Mr. KEATING. That is right.

Mr. MEADER. And we have undertaken some very important studies even with a rather small but able staff. I don't like to let support for these Commissions rest on the basis that there is an unwillingness on the part of congressional committees to do the job.

Your own committee, for example, to investigate the Justice Department, has done an outstanding job in that field. I think that study is appropriately undertaken by a committee of Congress. Conceivably, a commission could be created to do exactly that same job.

Mr. KEATING. A commission could be, and obviously if they had anything like a million or two million dollars or anything of that kind they could do a job that such a congressional committee could never possibly do.

There is this, what you say is absolutely so, and is a very important factor. There is this additional one, that because of the pressure under which all of us operate, with the requirement that we be in 10 different places at the same time nearly every workingday, it makes it almost impossible for us as Members of Congress to give the thought

and study to this type of work which an independent commission could do. At least some of the members of that independent commission should be men that could devote a very large percentage of their time to it, I think.

Mr. MEADER. Let me say that that question has been raised before, and I have not controverted it, but I am inclined to say that the way for the Congress to make the maximum use of the time of its Members is to acquire the investigative tool through adequate staffs which, in a sense, makes it possible for them to cover a greater territory with the amount of time any human being has. As far as the Commission having more time, both of these Commissions include Members of Congress as members of the Commission. Presumably, if they do their share of the work on the Commission it will take them just as much time as if the job were done by a committee of the Congress.

I would like to add this: In sound legislation, the problem is to get the facts nearest to the place where the decision is made.

This was the experience of the Hoover Commission. Studies were made by task forces. Then these studies were reviewed by the Commission. Then the Commission's recommendations had to come to Congress. Although there were Members of Congress who were members of the Hoover Commission, some of those members actively opposed the recommendations of the Hoover Commission and the job had to be done all over again.

I think that, in general, it is far wiser to have the investigations and the development of the facts conducted by the congressional committees themselves in the first instance and thus we would avoid a second investigation. The only fly in the ointment is that for some reason or other the tradition of the Congress is to deny to its committees adequate financial support. For that practical reason I think we have to report out these bills.

Mr. KEATING. Well, I really start off in my thinking in the same place you do, favoring the elimination of this outside staff and feeling that in order to legislate it is best if the congressional committees get the facts, the ones who must do the legislating. It was my thought at home that in the makeup of such commission as envisaged in section 3 of this bill where there are, for instance, appointed by the President 2 from the executive branch and 2 from private life, 4 appointed by the President pro tempore of the Senate, 2 from the Senate and 2 from private life, and the same with the Speaker of the House, 2 from the House and 2 from private life, that the 2 from private life would, in as many instances as possible, be men who could devote a major part of their time to this work, like I believe ex-President Hoover did.

You are not gaining anything from the time element. You are bound to get busy men from the executive branch, the Senate, and the House, and you are going to get busy men if you get worthwhile men from private life, probably, but it might be possible, as it was, certainly, in the case of Mr. Hoover, to enlist in this work outsiders who could devote the major part of their time to it, and it would be my hope.

Mr. MEADER. That is all I had, Madam Chairman. I just wanted to get Mr. Keating's views on this subject because I respect his views. I do think sometimes we in Congress ought to have the courage to spend the money on our own committees so that these studies could be made in the right place in the first instance and the facts could be

developed where they should be most useful, namely, where the policy is decided.

Mrs. HARDEN. Mr. Hillelson, do you have any questions?

Mr. HILLELSON. I have a question, or it is more of a statement.

I appreciate Mr. Keating's remark of a few minutes ago, and that is, when we create a Commission of this kind it does not have the—I was going to say political stigma to it and, as a result, the Commission in turn is able to create public opinion for that plan, and then when it is presented back to Congress, it is not on a partisan basis.

I think that is the most important part of the Commission because with the congressional committee it has to be partisan; whichever party is in power, it is generally recognized as being either a Republican measure or a Democratic measure, and what we are trying to achieve, actually, is a reorganization in our Government on an impartial basis, and this is the only way that we can get that type of public opinion. That is what we need, actually, just being quite honest as Mr. Keating was a few minutes ago, and that is the only way I see to do it, because I have been confronted with the same situation; when I was elected everyone said, "Cut taxes,"—and reduce expenditures, except when you get to their little part of the pie. Then they say, "Well, cut everything else except mine," and then you hear the same from every pressure group in the world and before you know it, you haven't cut anything. However, you can do it with some type of an impartial commission.

Your bill is very similar to Clarence Brown's, that is, 922, Senate 106.

Mr. KEATING. I haven't examined those, but I rather think so.

Mr. HILLELSON. In other words, the only difference, I think, is as to the number of people on the Commission. That is the big difference.

Mr. KEATING. Well, they both call for 12; this 992 calls for 12 and mine calls for 12.

Mr. HILLELSON. And they are appointed in the same way?

Mr. KEATING. Yes, apparently so. I am looking now at section 3 (a) of Mr. Brown's bill, and it apparently is exactly the same as 3 (a) of my bill.

Mrs. HARDEN. Will the gentleman yield?

Mr. HILLELSON. Yes. That is all I have.

Mrs. HARDEN. Mr. Keating, page 3 of S. 106, section 3, subsection (b)—some people have felt that that should be stricken from the bill. What is your thinking on that?

Mr. KEATING. About political affiliation?

Mrs. HARDEN. Yes.

Mr. KEATING. I favor the inclusion of it, that of each class of 2, not more than 1 member shall be from each of the 2 major political parties. I feel myself to strike that from the bill would be a major blow to the whole idea because I think its purpose should be to try to get high-minded men from both of the major political parties, and I happen to be one who believes that they exist in both major parties, to try to work this thing out. I would be against striking that out.

Mrs. HARDEN. We are happy to have our chairman of our full Committee on Government Operations with us at this time.

Mr. Hoffman, do you have any questions?

Mr. HOFFMAN. Thank you, Madam Chairman. Only to disagree with the last suggestion of the witness. Inasmuch as I believe in a

two-party government, I think the party in power should be responsible and should formulate and direct the policy of the Government during the period it is in power. I don't go along with the statement "to the victor belong the spoils" in the sense that it should be an opportunity for feathering the nests of individuals in the party, but I certainly do think that the party which is in power should be responsible not only for policy but for administration. We have an election coming up every 2 years for Congressman, every 4 years for President and every 6 years for Senators. Let them stand on the record they make—but I realize that is a matter of opinion.

I do want to compliment the gentleman on the eloquence, the good sense, the sound advice carried especially in the third paragraph on the first page of his prepared statement. It is wonderful to have all those qualities combined in one statement from one witness.

Then over on the second page, I am heartily in accord with that statement, "First things must come first. Certainly first things involve the safety and security of our Nation."

I notice that the gentleman has expressed the same views that have been expressed lately by David Lawrence and by other sound commentators. There is an article there—I suppose the gentleman would not agree with me on it—we are getting back to isolation which, in my judgment, means the same thing you expressed, safety of our Nation." It is not a new idea, but it has always been my idea.

Mr. KEATING. May I say for the record it was not to be taken in that way. However, I have the highest regard for the gentleman's views, even when in difference of opinion.

I would like to respond to the first statement about the striking of this subparagraph (b) of section 3. I agree with the gentleman that when a particular party is in power they should have the responsibility and then if the electorate does not like it they can throw them out the next time, and that would seem to me to be true if this were being acted upon in this committee or in a governmental body, but this calls for the creation of a Commission similar to the one which we created in the 80th Congress, and I assume the gentleman is being critical of the 80th Congress. I don't feel that way about the 80th Congress.

Mr. HOFFMAN. No, I am not being critical of the 80th Congress. I thought it was the first worthwhile Congress we had had for a long, long time.

Mr. KEATING. That is my feeling, and I am glad the gentleman shares that, but the 80th Congress created the Hoover Commission and I think that was a sound proposition because that is an outside body; it is not a congressional body, and for such an outside body to report back to the Congress, which will have the ultimate responsibility for acting, that outside body, I think, could well be equally divided between the two great political parties.

Mr. HOFFMAN. Possibly I am in error again, but I recall—and I have high admiration for Hoover and I respect his ideas—but I recall when the Hoover report came in, Plan No. 1 gave the President a \$50,000 expense account which he did not have before, a \$25,000 increase in salary; it increased the salaries of I don't know how many top officials, and then the rest of it we forgot about, largely.

Mr. KEATING. I am not sure that was in the Hoover report. That was not an implementation of the Hoover recommendations; that

was the first recommendation made to Congress by Truman in the 80th Congress.

Mr. HOFFMAN. If we are going to get better men we can only get them by more money?

Mr. KEATING. I don't remember that the Hoover Commission definitely recommended an increase in salary of the President of \$50,000.

Mr. HOFFMAN. No, an expense account of \$50,000, a salary increase of \$25,000.

Mr. KEATING. There was a recommendation for much more than increasing the salary by \$25,000, and I think that was a recommendation of leadership of the 80th Congress rather than a recommendation of the Hoover Commission.

Mr. HOFFMAN. I remember we had to pay more money.

Mr. KEATING. I remember distinctly that was the first matter we had to pass on in the 80th Congress, and it came to me as a start in the campaign in the fall before that that should be the first principle presented to us to raise the salary of the President of the United States.

Mr. HOFFMAN. There is just one more thing on which I want to compliment the gentleman. I have heard this thought before; I am sure the gentleman did not get it from the same author, "No family can continue to waste and spend and borrow and steal without paying the piper." Are you paraphrasing a similar statement made by Roosevelt regarding the Nation?

Mr. Roosevelt, in October of 1932, said:

Now, the credit of the family depends chiefly on whether that family is living within its income. And this is so of the Nation. If the Nation is living within its income, its credit is good.

If, in some crisis, it lives beyond its income for a year or two, it can usually borrow temporarily on reasonable terms.

But if, like a spendthrift, it throws discretion to the winds, is willing to make no sacrifice at all in spending, extends its taxing to the limit of the people's power to pay and continues to pile up deficits, it is on the road to bankruptcy.

Mr. KEATING. I am not intending to, but at times Mr. Roosevelt was right, and many times he was wrong, and when he was right I was happy to agree with him.

Mrs. HARDEN. Do you have any questions, Mr. Ward?

Mr. WARD. No questions.

Mrs. HARDEN. Thank you for coming, Congressman Keating, and we appreciate your very keen interest in this important legislation and I want to congratulate you upon the work that you have done on your bill, H. R. 469.

Mr. KEATING. Thank you very much.

Mrs. HARDEN. All members of the Senate and the House who introduced bills for the general purposes of H. R. 4406 and H. R. 992 have been asked to appear or submit statements.

I have statements from our colleagues, Congressmen Ostertag, Donohue, Coudert, Goodwin, and Elliott, and also statements from the United States conference of mayors; Frank Bane, secretary of governors' conference and executive director of Council of State Governments, the National Education Association.

Without objection, these will be placed in the record at this point. (The statements above referred to are as follows:)

STATEMENT OF HON. HAROLD C. OSTERTAG, A REPRESENTATIVE IN CONGRESS
FROM THE STATE OF NEW YORK

Madam Chairman, I am in thorough accord with the objectives of the measures which are under consideration here today. There is no more urgent task before this 83d Congress, in my judgment, than that of restoring a proper balance of responsibilities and tax resources as between the Federal Government and the States and localities. The drafters of our Constitution, cognizant that the natural trend of government is toward centralization, set up what they believed to be a safeguard in article X of the Constitution, which provides that "the Powers not delegated to the United States by the Constitution, nor prohibited to it by the States, are reserved to the States respectively, or to the people." Despite this provision, we have seen the Federal Government expand during the past 20 years until it affects in some degree virtually every department of State government, and, directly or indirectly, many facets of local government. It has extended its jurisdiction and control over matters not properly, or even effectively within its purview, and meanwhile, it has preempted the tax sources without which State and local jurisdiction and responsibility are impossible to exercise.

In launching studies looking toward a readjustment of this imbalance, it is vitally necessary that the spheres of inquiry should be clearly understood and carefully delineated. It is generally agreed that the field of Federal grants-in-aid is of major importance in such a study. This is by no means the only area in which the authority and responsibility of Federal and State Governments are in need of readjustment, however. The field of tax immunities is in urgent need of study, as is the entire problem of overlapping and duplicating taxes and jurisdictions. There is even some no-man's-land between the Federal and State Governments where jurisdictions should be clearly marked out. I am confident that this committee will take cognizance of all of these problems and make the necessary amendments to pending measures, so that the studies, when launched, will be comprehensive.

My own deep interest and concern in this matter stems from nearly a score of years spent in State government during which I was actively and officially engaged in Federal-State and interstate problems. I helped to organize and am today a board member-at-large of the Council of State Governments, through which so many definitive studies in the field of Federal-State relations have been made. As the sponsor of H. R. 1838, a bill to establish a National Commission on Inter-governmental Relations, I have sought to set forth the kind of Commission which, in my judgment, would be most effective in undertaking the task which needs to be done. I am confident, however, that the committee, in its wisdom, will arrive at a fair and proper determination, from among the many proposals before it, as to the makeup of the Commission and its scope of inquiry. The urgency of such a study has, in my judgment, never been greater, nor, happily, the climate more auspicious.

STATEMENT OF HON. HAROLD D. DONOHUE, A REPRESENTATIVE IN CONGRESS
FROM THE STATE OF MASSACHUSETTS

Madam Chairman and members of the committee; mindful of the committee's very heavy hearing schedule and the multitudinous personal duties of each member, I am most deeply appreciative of your courtesy.

My bill, H. R. 3603, now pending before you, "To provide for the establishment of a Commission to investigate and make recommendations with respect to the distribution of governmental functions and sources of revenue within the framework of our Federal, State, and local systems of government," is the third one, of identical purpose, I have submitted since becoming a Member of Congress. In the 81st Congress, I introduced H. R. 8714, and in the 82d Congress, H. R. 8560, both bearing the same title and containing the same provisions as this current measure. I recite that fact to reveal that the grave problem of strangling taxation and overlapping Government functions, with the urgent necessity of solution, did not occur to me only yesterday nor the day before; it has been of primary concern to me for several years.

I know you and all Members of Congress share my concern. I am gratified that President Eisenhower does also, as evidenced by his special message of last March 30 recommending creation of a commission to study relationships among Federal, State, and local governments.

While I am naturally submitting this statement in support of H. R. 3603, I want to say right now my intense desire to see something done to solve the problem transcends any thought of personal pride. Of course, I would like to have H. R. 3603 adopted, but I do not care what measure is reported out of this committee, so long as it embraces the objectives of my own bill, namely, to bring refreshing relief to the smothered American taxpayer and good order in place of the vast confusion presently existing at all levels of government.

Madam Chairman, all students of government, and particularly those of us who have legislative responsibilities, have long recognized the unhealthy trend toward Government duplication and friction, at all levels, which has steadily advanced during these turbulent years of national and world unrest. Accompanying this haphazard governmental expansion has been the unfortunate tendency of the various officials to tap and tax everyone and everything in sight, over and over again, to get the money to carry out their ever-increasing and superimposing administrative and service programs. Today these two combining evils have reached a point where they seriously threaten to pauperize the harassed taxpayer and paralyze the proper functioning of intergovernmental balances. If the overburdened American taxpayer is not soon afforded relieving consideration and if the hodgepodge of Government confusions is not quickly and efficiently systematized, I very seriously fear for the successful progress of our fight against imperialist communism with its dictatorial powers. We should begin at once to restore the confidence of our American citizens by removing the strangling tentacles of this huge governmental octopus from their throats.

That is why I have reintroduced this bill for the third successive time. Approving and adopting the provisions and objectives of this measure will strike directly at one of the basic causes of today's backbreaking taxation, namely, the fantastic multiplication and duplication of Federal, State, and local government units. In dozens of competing fields, there are competing activities by the Federal Government, States, counties, cities, towns, and villages throughout what is supposed to be the United States. To finance this profusion of governmental activities and agencies, there is a correspondingly confusing and stifling array of taxes. As a prime example, in one of our States, gasoline is taxed four different times, by the Federal Government, the State, the counties, and the cities. Hundreds of other pertinent illustrations could be cited, but I well realize there are many witnesses waiting to be heard, and the time of the committee is necessarily limited.

Madam Chairman, under our Federal form of government, I am, and I know you all are, well aware that the problems of conflicting authority at all levels and intergovernmental tax coordination have been and will be continuing ones. As stated at the outset, I am not particularly concerned about what bill is reported by the committee, so long as reversing and unwinding action is begun. It may be the committee will feel that such a Commission as I propose should be made permanent. That will be all right with me; indeed I hope you do. If the poison is going to be always circulating, then the antidote should be kept constantly ready for immediate injection.

In any case, the job that must be done is above any party affiliation or political prejudice. The survival of ourselves as a free nation and the world's leader for peace is at stake. Too much government means reckless extravagance, waste, and duplication. It places unbearable and oppressive tax burdens upon private business and the ordinary workingman and his family. Such evil conditions develop the discouraged and disheartened citizenry characteristic of a deteriorating nation. A spirited people and a disordered government are just what the Kremlin leaders are trying to promote here in America. God forbid that their devilish designs be unwittingly and unconsciously forwarded by our own lassitude or negligence.

The whole world eyes us each day as we carry on our public duties and responsibilities. To our admirers and our detractors alike, we are history's shining example of the successful operation of Christian democratic government so far. If we are to remain worthy of our heritage, if we are to keep civilization's inspiring torch of freedom brightly burning, if we hope to save ourselves from Communist conquest, we must initiate now the safeguard to insure our system of government does not collapse from its own confusion. I earnestly pray and urge the committee to act promptly on these measures designed to bring about a return of the traditional intergovernmental sanity so essential to a confident America and a peaceful world.

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D. C., May 7, 1953.

HON. CECIL M. HARDEN,
*Chairman, Subcommittee on Intergovernmental Relations,
Committee on Government Operations,
House of Representatives, Washington, D. C.*

MY DEAR MADAM CHAIRMAN: I am delighted that your subcommittee is planning to hold hearings on bills to set up inquiries into Federal, State, and local governmental relationships.

I have for a long time believed that something should be done in this field and in March 1950, introduced the original of H. R. 121. Attached is a copy of my press release, which is even more valid today than when originally issued. I should appreciate it if you would incorporate it in the record of the hearings in support of H. R. 121, or whatever bill the committee in its wisdom might decide to report.

With kind regards,
Very faithfully yours,

F. R. COUDERT, Jr.

STATEMENT OF HON. FREDERIC R. COUDERT, JR., A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF NEW YORK

The people of the United States are facing an immediate crisis in taxation. The Federal Government, despite levying a killing tax burden, is running a destructive deficit. There is scarcely a State, city, or county that is not hard up and madly scrambling for new tax sources.

Unless something is done, and quickly, this situation will deteriorate into economic and political disaster. The country cannot indefinitely carry the present crushing taxload, much less shoulder even a heavier one.

I have introduced a resolution calling for an impartial appraisal of governmental functions and sources of taxation at the several levels of government, with a view to bringing some order out of the existing chaos, in the conviction that existing functions of government can be far more effectively performed than they now are and at very great saving to taxpayers.

The Hoover Commission in approaching this problem declared:

"The question of Federal-State relations, and the problems incident thereto, is a most important part of our governmental structure and our governmental operation. It should be studied and appraised in its overall aspects carefully and continuously if public services are to be adequately rendered, if public administration is to be efficient and economical, and if we are to maintain a strong, vital, Federal system of government."

The recent Republican Party statement of principles calls for "establishment of a nonpartisan commission to study and recommend a sensible redistribution of governmental functions and sources of revenue between the Federal, State, and local entities, to secure the sovereignty of the several States with as much decentralization as is compatible with the national welfare."

There can be no question about the urgency of this problem. There can be no question that the Republican Party is behind this proposal to seek a solution.

It is my conviction that a proper reallocation of Federal, State, and local functions and sources of revenue could cut the overall cost of government by at least \$5 billion a year. Equally important is the fact that this could be done without diminishing governmental services, and it is moreover probable that such services would be performed better and more efficiently.

Only by a redistribution of functions and tax sources can the Federal tax power be effectively limited. Unless and until it is so limited, State and local self-government will continue in jeopardy and with it the liberties which the Federal system was designed to protect.

The people should demand prompt action from Congress in setting up a commission. There is no time to be lost.

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D. C., May 15, 1953.

HOUSE COMMITTEE ON GOVERNMENT OPERATIONS:

I am grateful for the opportunity of making a statement regarding H. R. 280, a bill to reestablish the Commission on Organization of the Executive Branch

of the Government. My purpose in filing this bill was to help bring about a continuation of the splendid work of the Hoover Commission.

The various reports of the Hoover Commission have always had my enthusiastic support and I was very much disappointed that it was not possible to have the entire program brought to successful fruition.

It seems to me it would be extremely unfortunate if all the splendid work done by the Hoover Commission cannot become a continuing basis for further endeavor along that line. I commend the efforts of your committee in conducting these hearings and in addition to advocacy of my own bill, H. R. 280, I would like to assure the committee of my willingness to cooperate in securing the passage at the current session of whatever legislation may be favorably reported providing for further study and concerted action to the end that greater economy and efficiency in Government operation may be brought about.

ANGIER L. GOODWIN,
Member of Congress, Eighth Massachusetts District.

STATEMENT OF HON. CARL ELLIOTT, A REPRESENTATIVE IN CONGRESS FROM THE
STATE OF ALABAMA

Madam Chairman and members of the subcommittee, I appreciate this opportunity to express myself in favor of the bill I introduced, H. R. 2089, and such similar bills as may be pending before the committee.

While my bill reads as being for the reestablishment of the Commission on the Organization of the executive branch of the Government, I would be perfectly satisfied if you gentlemen in your wisdom found a better approach than recreating the original Commission on the Organization of the Executive Branch.

I think much good came of the findings and recommendations of the original Commission on the Organization of the Executive Branch. While I do not have exact figures, and I am sure your information is much more accurate and up-to-date than mine is; yet, I am persuaded that the legislation we passed since 1949, reorganizing the executive branch of the Federal Government, has saved more than a billion dollars a year in the administration of the Government. Primarily, of course, I have in mind the great savings that have been made in Government purchasing, both along civilian and military lines.

I know there are some of our colleagues who would argue that the recommendations made by the original Commission on the Organization of the Executive Branch, commonly known as the Hoover Commission, give us sufficient light or recommendations for reorganization to last a long time. However, I do not agree with this view. It is my sincere feeling that the executive branch of our Government has grown so big and complex that we are justified in giving it continuing study. In other words, I think I would approve setting up a permanent Commission, as envisioned in this bill, to conduct a continuing study of the methods whereby the Congress might have recommendations from time to time on how we can eliminate duplication, for instance, or clean up overlapping or duplicating of services, activities, or functions.

I know it is rather common for some of our colleagues of the House to maintain that no additional commissions or special or select committees are needed, and that the work of reorganization can properly be originated by this committee. Now, of course, I don't want to take any responsibility away from the great Committee on Government Operations. I feel that it has a great and abiding responsibility and duty in the field of Government reorganization. I do not feel that the creation of this special commission will take away from you duties or responsibilities in this field. Rather, my thought is that the Commission, because it is bipartisan and because it will have membership drawn from the executive branch of the Government, from the Congress, and from private life, may be able to achieve a greater sense of objectivity in its common judgment than we, of a committee of the Congress, are sometimes able to do.

Much has been accomplished as a result of the recommendations of the original Commission of the Organization of the Executive Branch of the Government. Undoubtedly, much can be done in the future. All of us can take pride in adopting and writing into law recommendations from such a Commission which we feel will make substantial improvements in the operation, efficiency, and economy of this great Government of ours.

THE UNITED STATES CONFERENCE OF MAYORS,
Washington 6, D. C., May 6, 1953.

Mrs. CECIL M. HARDIN,
*House Committee on Government Operations,
 House Office Building, Washington, D. C.*

DEAR MRS. HARDIN: I understand that hearings will be held by your sub-committee beginning on May 12 on H. R. 4406. For many years the United States Conference of Mayors has petitioned Congress to enact legislation of this character. For that reason it is not necessary to take up the time of the committee in testifying on the matter. It is only requested that the attached memorandum, submitted by the United States Conference of Mayors at the meeting called by the White House on March 31 of this year dealing with this subject, be incorporated in the record of the hearings.

With best personal wishes, I am

Sincerely yours,

PAUL V. BETTERS, *Executive Director.*

INTRODUCTION

The United States Conference of Mayors is very happy to participate in this meeting. For many years the organization has urged Congress to authorize establishment of a national Commission to make a survey of intergovernmental and fiscal relationships of our Federal, State, and local governments with a view toward: (1) Assigning essential governmental services to the levels of government best equipped to perform such services; and (2) effecting a coordination of our tax structure—Federal, State, and local. As far back as 1938, the conference formally petitioned the Congress to take such action.

Previous to this, the conference had interested the Federal National Resources Committee in undertaking a survey of the relationships between our Federal Government and the cities. In 1937, the committee published an important document, "Our Cities—Their Role in the National Economy." While the findings and conclusions of this report have largely been forgotten, the document itself is pertinent to the proposed inquiry and merits thorough consideration.

Later on, in 1943, the Senate enacted Resolution No. 160, supported by the United States Conference of Mayors, which directed the Secretary of the Treasury to prepare and transmit to the Senate "a report on fiscal relations of Federal, State, and local governments." This report (S. Doc. No. 69, 78th Cong., 1st sess.), likewise, has largely been forgotten, although it contains the findings of a very distinguished group of authorities in the field. The Treasury Department's consultants included faculty members from the University of Wisconsin, Columbia University, and Vassar College.

On February 17, 1950, the United States Conference of Mayors joined with the Governors' Conference in appearing before the House Ways and Means Committee urging certain revisions in the Federal, State, and local tax system. Finally, again in cooperation with the Governors' Conference, on March 12, 1952, we urged the House Ways and Means Committee to initiate an overall national study of intergovernmental relationships, including the fiscal aspects.

Governor Adams' kind invitation has indicated that the meeting is for the purpose of enabling representatives of local government to express their views on the proper scope and conduct of the inquiry proposed by the President. Before going into that we should like to emphasize the importance of cities as governmental units in our American hierarchy of government.

CITIES

Traditionally, we regard our National Government as most important; the States, second; and then the local governments. Were we to approach this with a different criterion, namely, fiscal importance, we find many of our cities are much more important than a large number of our 48 States. Here are a few striking examples.

The budget of New York City is second to that of the Federal Government, exceeding that of its own State government. In 1951, the expenditures of 10 individual American cities were greater than those of 15 individual States. Specifically, from a fiscal standpoint, New York City, Chicago, Philadelphia, Los Angeles, Detroit, Baltimore, Cleveland, Washington, Boston, and San Francisco are more important units of government than Arizona, Delaware, Idaho, Maine, Montana, Nebraska, Nevada, New Hampshire, New Mexico, North Dakota, Rhode Island, South Dakota, Utah, Vermont, and Wyoming. New York City's expenditures

for just police, fire, and street-cleaning are greater than the total expenditures of any of 22 State governments. And in Chicago, police, fire, and street expenditures are greater than the total expenditures of any of 15 State governments. As a matter of fact, Chicago's expenditures for police alone exceed all of Nevada's expenditures.

Let us take three cities in a lower population grouping—Houston, Rochester, N. Y., and Newark. In 1951, Newark's expenditures exceeded the total expenditures in each of the following States: Nevada, Wyoming, and Vermont. Annual expenditures in Houston and Rochester each exceeded expenditures in the State of Nevada and Vermont. Many other startling comparisons can be made.

SCOPE AND CONDUCT OF SURVEY

As to the scope it is recommended that all of the important Federal-State-local grant-in-aid programs be studied. This would include the following: Social security, public health, education, highways, airports, civil defense, public housing, slum clearance and redevelopment, hospital construction, and the school-lunch program. It is also highly important that the whole Federal-State-local tax situation be reviewed and specific recommendations made for elimination of duplication and coordination. This is a most urgent phase of any inquiry.

Federal, State, and local governments in recent years have all hunted diligently for new tax sources. They have expanded their taxes on property, income, sales, gasoline, tobacco, admissions, alcoholic beverages, stock transfers, inheritances, gifts and in numerous other fields, until today duplicating and overlapping taxes by all levels of government confuse and plague the American taxpayers.

This problem of competition for tax sources, combined with the consequences of duplicating and overlapping taxes, has led to growing pressures to do something about it. In recent years Federal, State, and local organizations have been working on this problem.

From the standpoint of the cities, which are confronted with an ever-increasing demand for expansion of municipal services in the face of limited tax resources, the problem has been pin-pointed by Gov. Alfred E. Driscoll of New Jersey. Speaking at our last annual conference in New York City in May 1952, he said:

"Local governments for many years were almost entirely dependent upon the property tax for revenue. Now, they have gone in search of other fields as they have sought additional funds. The States, likewise, in many instances have attempted to increase their tax rates and at the same time define new sources to tax, but as the localities and the States have searched for additional revenue, they have found again and again that most of the productive sources of revenue are used and in most instances practically preempted by the National Government, and they have become increasingly aware of the fact that all tax revenues must be taken from the assets and incomes of the American people; that all governments, Federal, State, and local, are fishing for more tax dollars in the same pond. They have also observed that the National Government is fishing with a seine, the States with a hook and line, and the localities, in many instances, are forced to fish with a bent pin * * *."

It is assumed that the study would follow the procedure of previous Federal commissions of this character. A competent technical staff is of paramount importance. Public hearings are essential. Above all, the nonectional members of the commission ought to be highly qualified and competent and should be in position to devote a major part of their time to the work of the commission.

With reference to the proposed survey we should like to make just a few brief comments concerning several of the programs involving joint Federal-city cooperation. These are as follows:

CIVIL DEFENSE

Civil defense, involving Federal, State, and city sharing of costs, is directed almost entirely to the urban centers. Our large-city industrial areas, the centers of production, would be the prime targets in case of any enemy attack. Yet the progress of this important phase of military preparedness and national defense has been stymied for several years through lack of adequate Federal appropriations. To date, the Congress has not taken civil defense seriously and it has failed to make available such funds as are recognized to be necessary if we are to be even partially prepared. If Congress does not take civil defense seriously, it is logical that State and city officials should not take it too seriously. The facts are, as has already been reported in the press (the recent Massachusetts Institute of Technology study), that from 6 to 7 billions of dollars are required if we are to build

any adequate defense for our urban population. Of this amount, 4 billions would be needed for stockpiling of essential supplies, materials, and equipment.

Project East River, a study conducted at considerable expense for the Federal Government by recognized experts, has also demonstrated that the present civil defense administrative setup needs realistic revision. More effective and direct lines of communication and authority must be developed between the Federal level and the prime target areas on the local level. Generally the States have opposed such a revision but Project East River very clearly points out that reorganization is not only needed but is mandatory.

SLUM CLEARANCE AND URBAN REDEVELOPMENT

This is one of the major Federal-city programs involving direct relationships between the cities of the country and the Federal Government. Very few States have interested themselves in this general field of governmental activity. It is devoutly to be hoped that the existing arrangement may continue, for at long last we are beginning to make a dent in wiping out our urban slum areas and redeveloping these areas on the basis of sound planning.

Further, it has been possible for the cities to interest private enterprise, largely American insurance companies, in redevelopment. Today, hundreds of millions of dollars of private capital are going and will go for this purpose. Any basic change in the present system will create complications seriously affecting the current flow of private capital into the program.

RELOCATION PUBLIC HOUSING

The action of the administration in recommending to the House Appropriations Committee on March 23 that construction of 35,000 public housing units be authorized for the coming fiscal year is applauded. Such housing is primarily and particularly needed in those cities where slums are being cleared out and rehousing and relocation of the occupants of such slums is a critical necessity. Here again, the Federal Government has dealt directly with local housing authorities created by the municipalities.

In all the controversy over public housing the naked fact still confronts us: Private industry cannot provide housing to meet this problem. To do it, subsidy of one kind or another is required. The present law has been working well, and it is believed that any impartial and objective study will come to the conclusion that the program should be continued.

AIRPORTS

The Federal airport program is almost exclusively a direct Federal-city program. Few States have appropriated any substantial sums for airport development.

The responsibility of the Federal Government for grants-in-aid for airport construction is based on national defense, the postal service, and air commerce. Both the Civil Aeronautics Act of 1938 and the Federal Airport Act of 1946 gave formal recognition to the national interest in civil airports.

Insofar as national defense is concerned the record shows that at the beginning of 1945, some 429 civil airports had actually been turned over to the Army and Navy Air Forces. Thus, the value of these airports to the Nation and its armed forces was effectively demonstrated. It is generally agreed by military authorities that the Nation was saved millions of dollars by having our civil airports available for all Army and Navy Air Force requirements, including training and transport. Now, even in a different era, in 1952, there were 16,673,562 landings and takeoffs of military aircraft at our civil airports. As has well been stated, our municipal airfields are fundamental to national defense—both in peace and in war.

While Congress in 1946 authorized \$500 million over a 5-year period for airport construction aid, over \$300 million still remain unappropriated as of today. In addition, we get the disquieting news that airport aid funds for 1953 are to be drastically slashed if not completely eliminated.

In cooperation with the Federal Government, a number of cities have initiated airport construction and improvement projects. Many of these are now in a state of partial development and completion. In some cases, bond issues have been voted by the people. If the Federal program is not to be continued, the fate of these projects is problematical. It is needless to point out that the good faith of the Federal Government is seriously involved.

HIGHWAYS

The Federal-aid highway program is the oldest of the important grant-in-aid programs. While this is a Federal-State operation, its impact on municipal governments is great. This has been especially true since the program earmarking a certain percentage of Federal appropriations for projects within cities was enacted by the Congress. In the past few years, for example, construction of most of our major expressways and thruways in our cities has been carried out under the Federal program with Federal, State, county, and city funds being used.

Any suggested change in the Federal highway aid program merits the closest scrutiny and study. In some States, at any rate, the cities certainly would now be faring badly in the allocation of funds for urban highway projects were it not for the mandatory requirement in the Federal statute. Turning the whole job over to the States raises serious questions on the part of many city officials since the great majority of our State legislatures are dominantly rural, rather than urban, in their composition and thinking.

HOSPITAL CONSTRUCTION PROGRAM

This program was actively sponsored in the Congress by the Conference of Mayors. While administratively it is a joint Federal-State undertaking its impact is also primarily of local concern, both urban and rural. Since enactment of the original law, thousands of Americans have received the benefits of otherwise unobtainable hospital care and health center diagnosis and treatment. There has been wholehearted and general support of the program and it is essential that it be continued on the basis of demonstrated need.

SOCIAL SECURITY

Without going into detail, local governments for some time have been seeking an amendment to the Social Security Act which would permit of further integration of municipal employees into the Federal old-age and survivors' insurance system. While there appears to be differences of opinion among the groups interested, we are hopeful of early congressional consideration and action. If such action is not forthcoming this year, the study proposed by the President should seek to find an answer to this specific problem.

FEDERAL PAYMENTS TO LOCAL GOVERNMENTS IN LIEU OF TAXES ON FEDERAL PROPERTY

It is urged that the administration strongly support legislation authorizing these Federal payments. After several years of discussion, the Budget Bureau last year submitted to Congress the draft of bill which made a start in eliminating present inequities under which local governmental services are rendered to Federal agencies without any compensating tax contribution. The plan submitted has imperfections but certainly these can be removed after full and complete congressional hearings.

DIRECT FEDERAL-CITY RELATIONS

Over the years, a number of national programs, as indicated above, have been administered on a direct Federal-city basis. This is particularly true of such programs as airports, public housing, and slum clearance and urban redevelopment—fields in which the States have taken very little interest. Nor have they appropriated any substantial funds for such activities. These facts were recognized by the Congress of the United States when basic legislation was originally enacted.

If the States were to enter the picture as intermediary administrative agencies in these and other programs, the end result would simply be more redtape, more delay, more complications, and increased overall governmental costs.

In those activities where the States expend little or no public funds, no sound argument can be advanced for their functioning as an intermediary agency between the Federal Government and the cities. It can be said that the cities would unanimously and strenuously oppose any legislation in the Congress changing the effective pattern which has been evolved after many years of congressional consideration.

"The vitality of our cities and the well-being of our citizens are essential to a healthy national life. The present state of the world indicates a need for several

crusades, of which the most important is the accomplishment of world peace. Another is the strengthening of our democracy by making our cities better places in which to live and work. We strongly endorse, therefore, the establishment of a commission to undertake an objective analysis of all of these national programs so vital to urban progress."

WASHINGTON, D. C., May 13, 1953.

Mrs. CECIL M. HARDEN,

*Chairman, Subcommittee on Intergovernmental Relations of
House Government Operations Committee, House of Representatives:*

Understand some question has been raised about position of Governors' Conference and the Council of State Governments relative to bill H. R. 4406 to establish Commission to Study Federal-State Relations. Both Governors' Conference and the Council of State Governments are enthusiastically in favor of the establishment of such a commission, and we urge passage of this legislation at the earliest possible time.

FRANK BANE,
*Secretary of Governors' Conference and Executive Director,
Council of State Governments.*

THE COUNCIL OF STATE GOVERNMENTS,
Chicago, Ill., May 8, 1953.

Mrs. CECIL HARDEN,

*Chairman, Subcommittee on Intergovernmental Relations,
House Committee on Governmental Operations,
New House Office Building, Washington, D. C.*

DEAR MRS. HARDEN: We understand that you plan to have hearings next week on H. R. 4406 and possibly on S. 1514 as amended.

Either of these bills is satisfactory to the Council of State Governments and to the governors' conference. As you know, these organizations for several years have urged the establishment of a commission to make a comprehensive study of the general problem of Federal-State relations.

We hope Congress will enact a statute establishing such a commission in the near future in order that it may report to Congress by March 1, 1954, as provided in these bills.

Very sincerely,

FRANK BANE, *Executive Director.*

NATIONAL EDUCATION ASSOCIATION OF THE UNITED STATES,
Washington 6, D. C., May 13, 1953.

Hon. CECIL M. HARDEN,

*Chairman, Subcommittee on Intergovernmental Relations,
Committee on Government Operations,
House of Representatives, Washington 25, D. C.*

DEAR MADAM CHAIRMAN: The National Education Association of the United States would like to have its views on the Taft-Hendrickson (S. 1514) and Halleek (H. R. 4406) bills made part of the record of the hearings now being conducted by the subcommittee of which you are chairman. Although we have not requested time for an NEA representative to appear before the subcommittee we would appreciate if the attached statement were received for inclusion in the printed hearings. We have included in the statement a description of what the NEA is and for whom it speaks. However, for your information and files we enclose a four-page leaflet describing the work of the association.

Very truly yours,

WILLIAM G. CARR,
Executive Secretary.

STATEMENT OF THE NATIONAL EDUCATION ASSOCIATION OF THE UNITED STATES

The National Education Association of the United States wishes to record its support of President Eisenhower's proposal that there be a Commission on Intergovernmental Relations to study the means of achieving a sounder relationship between Federal, State, and local governments, as embodied in S. 1514 and H. R. 4406.

One of the specific areas of Federal-State relations which the President recommended for study is education. For almost 170 years the Federal Government has

never ceased to be interested in the welfare of public education in the United States. However, the primary responsibility for education has at all times rested in the States and localities under the reservation of powers in the 10th amendment to the Constitution of the United States. From the time of the Northwest Ordinances of 1785 and 1787 down to the present, education has remained a matter of Federal-State concern and hence most appropriately should be studied by a Commission on Intergovernmental Relations.

Apart from the historical considerations involved, the Federal-State-local relationship in education should be examined at this time in order to define more clearly the mutual responsibility of each of these levels of government with regard to American public education. Such a major study has not been made since 1938 when the President's Advisory Committee on Education reported in detail on the educational needs of the States and localities. Hence the importance at this time for establishing a Commission on Intergovernmental Relations which will devote a significant part of its efforts to studying Federal, State, and local educational responsibilities.

Specifically, some of the following factors might be considered by such a commission:

1. Such social and economic factors as the increasing rate of population migration, shifts in regional birth rates, the increase in per capita income, and the trend toward equalization of individual income.

2. The changing Federal, State, and local tax structure and the tendency toward centralized tax collection.

3. The ability of the States and localities to use their resources to meet their educational needs.

4. The responsibility of the Federal Government with respect to the educational needs of the States and localities.

These are matters that could most appropriately come before a commission of the type proposed by President Eisenhower and in the bills introduced by Senator Taft and Senator Hendrickson and by Representative Halleck. While it would certainly be within the purview of the Committee on Governmental Operations to investigate intergovernmental relations, the association believes that a national commission composed of Members of the Congress and public members appointed by the President will be able to carry out such a study more effectively between now and March 1, 1954, the time limit set by S. 1514 and H. R. 4406.

The association hopes that the proposed study of Federal, State, and local governmental problems will provide the Congress and the Administration with a sound factual basis and definite principles for the formulation of policy in the important field of intergovernmental relations in which education is vitally concerned.

For the record, the National Education Association is a voluntary organization with more than 500,000 members of the teaching profession. The NEA affiliates include 54 State and Territorial education associations and 4,400 local education associations. The work of the association is supported by the dues of its members who determine its policy in an annual representative assembly attended by 3,500 delegates.

Mrs. HARDEN. We are having a quorum call and, with the consent of the committee, we shall now recess until 2 o'clock this afternoon.

(Whereupon, at 11:15, a. m., the subcommittee was recessed until 2 p. m., the same day.)

AFTERNOON SESSION

(Whereupon, at the expiration of the recess, the hearing was resumed at 2 p. m.)

Mrs. HARDEN. The committee will come to order and we shall resume our hearings.

We also have with us today Mr. Fred Maytag, president of the Maytag Co. of Newton, Iowa. Mr. Maytag is here to represent the National Association of Manufacturers.

We are pleased you could be with us, Mr. Maytag, and we shall appreciate having you highlight your statement which will be placed in the record.

Mr. Maytag.

**STATEMENT OF FRED MAYTAG, PRESIDENT, MAYTAG CO.,
NEWTON, IOWA**

Mr. MAYTAG. Thank you, Madam Chairman and members of the committee.

I am a director of the National Association of Manufacturers, and chairman of its taxation committee, and I am appearing before the committee on behalf of the association.

We appreciate the opportunity to testify in support of H. R. 992 and H. R. 4406 because we think these bills offer tremendous possibilities for achieving improvement in the structure of the Federal Government and a fiscal and functional framework for well-defined, properly balanced, and noncompetitive Federal-State relations.

In our association we have been deeply concerned over the tremendous growth of the Federal Government in areas unrelated to military preparedness and international security, and with the near-monopoly which the Federal Government has established over the tax resources of the Nation.

We have four policy committees in our association which operate in the area of Government finance, and we have 10 policy committees which are outside of that area. These 10 committees, which have a total membership of over 2,200, are concerned with a great range of economic problems. With one exception, they are not set up primarily to deal with problems originating in Government, but we cannot avoid the fact that inquiry after inquiry finds Government involved, one way or another, in many if not most of the subjects under study.

I think I can safely say to you that there is no matter of greater concern to the over 19,000 manufacturers who belong to our association than that of the encroachment of the Federal Government, through one channel or another, into the economic and related activities of our citizens.

We think the Federal Government is too big. We think it is so big and so complex that it cannot be efficiently managed by any individual, or group of individuals. The powers to regulate and control, which it has assumed and exercised, are a menace to individual and civil liberty.

We think this concentration of power has a corrosive effect on the economic and governmental environment which is essential to the survival of the American system of free enterprise and to the preservation of the American constitutional system of a union of States.

We also feel that unless this trend toward ever bigger Federal Government is reversed the States and private business alike face the prospect of ultimate complete domination.

When the bills under discussion first came to our attention we had only two reservations concerning them: First, that they might encourage the deferment of feasible budget reductions, and postpone clamping down on unnecessary Federal activities, until the work of the commissions had been completed; and, second, that they did not directly provide for a thorough appraisal of the tax aspects.

We certainly would not favor any delay in appraisal and revaluation of the fiscal philosophies and procedures which have dominated the Federal Government for so many years. In the executive branch, in the congressional Appropriations Committees, and in the various legis-

lative committees of Congress, a good beginning should be made this year. We recognize that this Congress cannot thoroughly reappraise all the various activities of the Federal Government in the few months available for the appropriation process. But we know that the executive branch can pick up where the Congress leaves off. Through the Budget Bureau, the executive branch does have the power to limit allotments of appropriated funds to achieve whatever economies are possible without change in basic law. I am convinced that public acceptance and approval of the work of the commissions will be the greater if both the administration and the Congress make it patently clear that they are not overlooking any opportunity for saving the taxpayer's money pending the conclusion of these exhaustive inquiries.

I might say at this point that in my recent travels I have observed a growing concern over the apparent slowness of the Congress and the administration to bring about budget cuts which would make possible tax reductions, and I think it is of vital importance that the creation of these commissions not be permitted to act as any deterrent to carrying out budget cuts and achieving tax reductions.

In regard to our second reservation, the reports and revised versions of the companion Senate bills, as reported out of the Senate Committee on Government Operations, are reassuring. These indicate, first, that there will be a clear delineation of areas of responsibility between the two commissions, and that the Commission on Intergovernmental Relations will have adequate authority to consider the problem of allocation of tax resources, which we think is very important.

Before concluding, I want to mention what we think is another phase of the basic problem that you are trying to deal with. The task of budgeting, legislating for, and supervising the operations of 2,055 Federal departments, bureaus, divisions, commissions, authorities, corporations, and other agency components, as now required, is so vast that some highly critical Federal functions necessarily are neglected. For example, it would seem reasonable to expect better results in the military and international security areas if the legislative and executive branches were free to devote a larger share of their available time and energy to such matters.

In concluding, I would like to say this: Even with all the current need for overhauling, our governmental system is still the finest in concept and in execution that man has been blessed with on this earth. Your purpose, and our purpose, is to make it even better.

We believe that the work of the two commissions under consideration will contribute greatly to this end. Success in this endeavor will enable the Federal Government to concentrate its activities in areas of genuine national concern; will reduce the cost of performing necessary activities; will bring new strength and revitalization to the sovereignty of the several States, and will make the burden of government costs more tolerable for all citizens, thus providing less impediment to the continued growth, prosperity, and well-being of our Nation.

If there are any questions within the limits of my ability, I shall endeavor to answer them.

Mrs. HARDEN. Well, thank you, Mr. Maytag, for your very fine statement and for coming over to express your views. I regret that more of the members cannot be present.

Mr. MAYTAG. Madam Chairman, I am quite understanding. I think you people in the legislative halls work under even more pressures than we businessmen do.

Mrs. HARDEN. Mr. Maytag, I have a question.

Do you believe that your constituency is satisfied with the Senate bill as passed?

Mr. MAYTAG. Yes; I believe so. In my complete statement I have made reference to that: that in general we think the Senate amendments are desirable.

It occurs to us that in one area—in Senate 1514, in section 3, subsection (a): “The Commission shall carry out the purposes of section 1 hereof,” which I believe was added by amendment—there could be improvement.

It occurs to us that it might be desirable to be more specific in describing those purposes under the duties of the Commission. I think that is a technical point, and you are more qualified than we, but it occurred to us it might be more effective than just including those powers by reference.

Beyond that, I don’t believe we have any specific suggestions to make with respect to either bill.

Mrs. HARDEN. Mr. Ward, do you have any questions?

Mr. WARD. No questions, Madam Chairman.

Mrs. HARDEN. If there is nothing further, again I thank you for coming, Mr. Maytag, and for your cooperation with us in appearing before the committee.

Mr. MAYTAG. Thank you for the privilege.

(Prepared statement of Mr. Maytag is as follows:)

STATEMENT OF FRED MAYTAG, ON BEHALF OF THE NATIONAL ASSOCIATION OF MANUFACTURERS

My name is Fred Maytag. I am president of the Maytag Co. of Newton, Iowa. I also am a director of the National Association of Manufacturers and chairman of its taxation committee. I am appearing here in behalf of the association.

We are grateful for this opportunity to testify in support of H. R. 992 and H. R. 4406 because we believe these two bills offer tremendous possibilities for achieving, first, improvement in the structure of Federal Government and, second, a fiscal and functional framework for well-defined, properly balanced, and noncompetitive Federal-State relations.

These two bills are companion proposals for the realinement and constructive integration of Federal-State-local governmental activities. This has been clearly indicated in the report of the Senate Committee on Government Operations. In regard to the contemplated Commission on Governmental Functions and Fiscal Resources, Senate Report No. 215 reads: “Specific authority would be granted to the Commission to make studies into the objectives of programs of the Federal Government shared in by States, and the extent to which Federal activities have advanced into fields which are the primary interest and obligation of the several States and political subdivisions thereof.”

In regard to the proposed Commission on Organization of the Executive Branch of the Government, Senate Report No. 216 says: “Although the proposed Commission would be similar in composition to the earlier Commission on Organization of the Executive Branch of the Government (Hoover Commission), it would have added authority to study all activities of the Federal Government and to make recommendations to the Congress and the President relative to changes in Federal programs and policies.”

This is, indeed, commendable intent. The need is for strong commissions, invested with full power to do complete jobs, and charged with responsibility for bringing in definitive answers.

For a number of years, we have been deeply concerned over the tremendous growth of the Federal Government in areas unrelated to military preparedness

and international security, and with the near monopoly which the Federal Government has established over the tax resources of the Nation. This concern was first given public expression 4 years ago in our project popularly known as the program to bring government back home. Its formal title is "A Program for the Reallocation of Service Responsibilities and Tax Resources Between the Federal and the State and Local Governments." The architect of this program is Dr. Harley L. Lutz, professor emeritus of public finance, Princeton University, and consultant to the NAM in tax and related fields. It was developed in collaboration with four associations' committees in the government finance area and approved by the association's board of directors.

This program only partly indicates the interest of the association in the legislation before you. At the present time, for example, the association has 10 policy committees, outside of the government finance area. These committees, which have a total membership of over twenty-two hundred, are concerned with a great range of economic problems. With one exception, they are not set up primarily to deal with problems originating in government, but we cannot avoid the fact that inquiry after inquiry finds government involved, one way or another, in many if not most of the subjects under study.

I can say to you, therefore, that there is no matter of greater concern to the over 19,000 manufacturers who belong to our association than that of the encroachment of the Federal Government, through one channel or another, into the economic and related activities of our citizens.

We are convinced that the Federal Government is too big. It is so big and so complex that it cannot be efficiently managed by any man or group of men.

The powers to regulate and control, which it has assumed and exercised, are a menace to individual and civil liberty.

This concentration of power has a corrosive effect on the economic and governmental environment which is essential to the survival of the American system of free enterprise and to the preservation of the American constitutional system of a union of States.

Unless the trend toward ever bigger Federal Government is reversed, the States and private business alike face the prospect of ultimate complete domination. Complete Federal domination is totalitarianism, regardless of the good intentions of those who bring it about.

As the basis of the program to bring government back home, we have developed certain guiding principles, which, we believe, will—if followed—establish a better balance of power between the Federal and State Governments, and confine the Federal activities to the necessary functions of national government. I would like to read and briefly explain each of these principles:

1. In a country which seeks to retain free popular government, service responsibilities should be performed by the smallest units competent to handle the several public services satisfactorily and economically.

Underlying this principle is not only the tradition of American republican government, but the requirements of effective taxpayer support of governmental services. It is the duty of all citizens, as well as their right, to pass judgment on these services and their costs. It is true, however, that the people's sense of responsibility for efficient government is not as great as it should be. This may well be due to the impossibility of comprehending the complex, remote Federal organization. The closer the officers in charge of public services are to those who provide their tax support, the more responsive they are to the will of the people.

2. The areas of national interest and concern in which only the Federal Government can adequately serve the national good must be distinguished from other areas in which State, or State-local, action constitutes as good, or a better, way of promoting the national interest.

The Federal Government was created by a union of the States and the Constitution enumerates the powers that were delegated to it. These powers include (a) functions which only the central government can perform, such as national defense and the conduct of foreign affairs; and (b) certain functions which the several States could perform but which, if done by the States, would adversely affect the rights and interests of all citizens. Examples are coinage, weights and measures, interstate commerce, a bankruptcy code, and the postal system. The principle stated here conforms with the Constitution in that it emphasizes the importance of restoring and abiding by the distribution of powers and services responsibilities as originally set out in that instrument. There is too prevalent a belief that only the Federal Government can promote the general welfare. The scope of its payments to people and its grants to States has fostered the idea that Federal action is required to support the economy and the people. Repu-

tedly, some 19 million persons are receiving from the Federal Government regular, direct payments—for salaries and subsidies, allowances and loans, for benefits, for services, for goods.

Many needs and problems are common to all of the people but their existence does not constitute, automatically, a case for Federal action or intervention. Examples are education, public health, dependency, fire protection, and the whole catalog of criminal and civil offenses. The States have both legal jurisdiction and administrative competence to deal with these matters. The important issue is the provision to them of resources sufficient for the task.

3. Proper Federal-State relations depend on the fiscal integrity of the Nation and the core of fiscal integrity is a balanced Federal budget.

The proposition that a balanced Federal budget is the core of fiscal integrity means that the best guaranty of honest relations between the Government and the people is the avoidance of debt. True, the Constitution authorized borrowing on the credit of the United States, but this was not intended as a regular, ordinary fiscal practice. And the inclusion of debt payment as one of the constitutional purposes of taxation contemplated redemption of debt necessarily incurred.

A relaxation of fiscal integrity begins when government resorts to debt to provide benefits on a scale greater than the people would accept if they were paid for by taxes.

The fact that war-connected costs bulk so large in contemporary budgets may explain, but does not excuse, the intolerable condition of Federal finances. Instead of using these costs as a prime reason for cutting down or getting out of activities of purely domestic concern, the rationalization seems to have been that, if we can afford to spend for security, we can also afford to spend for all other purposes. Thus, Federal grants and subsidies, and many other activities and services, created under depression and alleged emergency conditions, have continued to grow and expand. The lack of adequate standards of management and economy has been notorious. Federal fiscal integrity will be established only when the Government confines its spending to necessary amounts for activities which are properly and unquestionably the responsibility of central government.

4. The tax base should be as broad as the interests to be served by the collecting and spending government, and the tax methods should be such as will tend to unify, not divide, the interest of the taxpayers.

Federal taxes should be levied to support activities of genuinely broad, national concern; and they should therefore fall upon everyone in the Nation, everywhere in the Nation. The historic concept of popular sovereignty presumes control of the public purse by the people. This control is undermined when government fails to present its bill to all the people and, instead, attempts to persuade one segment of the population that its share will be paid by another segment.

5. Taxation is necessary, but it is always burdensome, and it can be destructive. The dictum of Mr. Chief Justice Marshall should be held constantly in mind: "The power to tax involves the power to destroy."

This is nowhere more clearly indicated than in the teachings of Karl Marx that the way to establish communism is to destroy private ownership of capital and a principal means for destroying such ownership is to use heavy progressive income and inheritance taxes. The power to tax is truly the power to destroy—not only to destroy capital, business and industry, but to destroy the States and cities as essential parts of the Federal Union, and thus to destroy the American constitutional system itself.

This background of general principle demonstrates the fundamental importance which the National Association of Manufacturers ascribes to the two commissions which would be created by the legislation before you. When these bills were first introduced, we had only two reservations: first, that they might encourage the deferment of feasible budget reductions, and postpone clamping down on unnecessary Federal activities, until the work of the commissions had been completed; and second, that they did not directly provide for a thorough appraisal of the tax aspects.

We could not condone any delay in appraisal and revaluation of the fiscal philosophies and procedures which have dominated the Federal Government for so many years. In the executive branch, in the congressional appropriations committees, and in the various legislative committees of Congress, a good beginning should be made this year. We recognize that this Congress cannot thoroughly reappraise all the various activities of the Federal Government in the few months available for the appropriation process. But we know that the executive branch can pick up where the Congress leaves off. Through the Budget Bureau, the executive branch does have the power to limit allotments of appropriated

funds to achieve whatever economies are possible without change in basic law. I am convinced that public acceptance and approval of the work of the commissions will be the greater if both the administration and the Congress make it patently clear that they are not overlooking any opportunity for saving the taxpayers' money pending the conclusion of these exhaustive inquiries.

In regard to our second reservation, the reports and revised versions of the companion Senate bills, as reported out of the Senate Committee on Government Operations, are reassuring. These indicate, first, that there will be a clear delineation of areas of responsibility between the two commissions, and that the commission or intergovernmental relations will have adequate authority to consider the problem of allocation of tax resources.

However, there is one area in which the action of the Senate committee does not seem to be complete. In the policy section of H. R. 992, and of S. 106, as introduced, one of the objectives was stated as "eliminating services, functions, and activities more properly within the jurisdiction of State and local governments." This paragraph was later deleted by the Senate committee, as the subject matter clearly fell within the jurisdiction of the Commission to be created under S. 1514. But, in amending S. 1514, the specifications of this paragraph were not incorporated in the new text, even though the accompanying committee report made it clear that the duties of the Commission would extend to this area. As presently written, therefore, S. 1514, in specifying duties of the Commission, spells out only details regarding grants-in-aid, and omits specifications as to its purpose regarding other types of functions and activities in which the Federal Government should defer to the States and localities. I suggest, therefore, that you give consideration to including a definitive statement in this respect under section 3 of H. R. 4406, thus strengthening the bill's particulars in line with its intent.

With this addition, I do wish to commend to you acceptance in principle of the changes made by the Senate committee. If, in your wisdom and judgment, you should find additional means for sharpening the areas of jurisdiction of the two commissions, and of assuring full exploration of all aspects of Federal operations, under H. R. 992, and intergovernmental relations, under H. R. 4406, you could count on our support.

Before concluding, I would like to mention another phase of the basic problem. The task of budgeting, legislating for, and supervising the operations of 2,055 Federal departments, bureaus, divisions, commissions, authorities, corporations, and other agency components, as now required, is so vast that some highly critical Federal functions necessarily are neglected. For example, it would seem reasonable to expect better results in the military and international security areas if the legislation and the executive branches were free to devote a larger share of their available time and energy to such matters.

And now, in concluding, I should like to say this. Even with all the current need for overhauling, our governmental system is still the finest in concept and in execution that man has been blessed with on this earth. Your purpose, and our purpose, is to make it even better.

We believe that the work of the two commissions under consideration will contribute greatly to this end. Success in this endeavor will enable the Federal Government to concentrate its activities in areas of genuine national concern; will reduce the cost of performing necessary activities; will bring new strength and revitalization to the sovereignty of the several States; and will make the burden of Government costs more tolerable for all citizens, thus providing less impediment to the continued growth, prosperity, and well-being of our Nation.

Mrs. HARDEN. At this time I should like to insert in the record a letter from Mr. S. G. Tipton, general counsel for the Air Transport Association of America.

(Letter from S. G. Tipton is as follows:)

AIR TRANSPORT ASSOCIATION OF AMERICA,
Washington 6, D. C., May 12, 1953.

Hon. CECIL M. HARDEN,
Chairman, Subcommittee on Intergovernmental Relations,
House of Representatives, Washington 25, D. C.

DEAR MRS. HARDEN: Reference is made to the bills now pending before your subcommittee which have as their purpose the creation of a commission to study the elimination of duplicate and overlapping Federal and State taxation and regulation. This association, which is composed of substantially all of the sched-

uled airlines certificated by the Civil Aeronautics Board, supports the general objective sought to be accomplished by these bills.

As doubtless you know, the scheduled airline industry is subject to very comprehensive and detailed safety and economic regulation by the Federal Government and, in some instances, to duplicating and conflicting regulation by the States. Moreover, the industry is subject to overlapping Federal and State taxation, particularly in the case of the taxation of aviation gasoline.

In view of the foregoing, the airline industry supports the creation of a commission to study the elimination of the duplication and overlapping of Federal and State taxation and regulation, and will avail itself of the opportunity to present its problems to such a commission. We urge that the subcommittee approve a bill which would give the commission, which it creates, sufficient authority to investigate and report to the Congress on the problems of taxation and regulation which the airlines will bring to it.

It is respectfully requested that this letter be made a part of the record of the hearings on the bills in question.

Sincerely,

S. G. TIPTON, *General Counsel.*

Mrs. HARDEN. This subcommittee has a charter and a working program in the field of intergovernmental relations. A major area for fruitful investigation lies in the commercial and industrial type activity of the Federal agencies. These activities are very numerous. They utilize facilities, manpower and taxes. They produce no taxes. They often compete with businesses which must pay taxes. Each must be justified on the basis of genuine need and/or cost. We have had many complaints from industry on this score and will schedule hearings for early June on this important subject.

Thank you.

The subcommittee's hearings are adjourned.

(Whereupon, at 2:30 p. m., the hearings were adjourned.)

APPENDIXES

APPENDIX 1

CITIZENS COMMITTEE FOR THE HOOVER REPORT,
May 7, 1953.

The Honorable CECIL M. HARDEN,

Intergovernmental Relations Subcommittee of the Committee on Government Operations, House of Representatives, Washington, D. C.

DEAR MRS. HARDEN: This will acknowledge your letter of May 4, regarding the Halleck bill, H. R. 4406, and related bills, to establish a Commission on Governmental Functions and Fiscal Resources. You have sent a similar letter to the Honorable Herbert Hoover, honorary chairman of our committee. He is sending you today, a statement on this subject in reply to your request for his views. The Citizens Committee is entirely in accord with Mr. Hoover's statement on this subject.

Sincerely yours,

SIDNEY A. MITCHELL.

APPENDIX 2

AMERICAN MUNICIPAL ASSOCIATION,
May 7, 1953.

Senator ROBERT A. TAFT,

*Room P-48, The Capitol,
Washington 25, D. C.*

DEAR SENATOR TAFT: As the only organization representing the Nation's municipalities which testified or appeared to support S. 1514 during the committee hearings on the bill, it was with particular interest that we observed the course of the bill on the floor of the Senate, yesterday. As the national organization representing 12,000 of the Nation's municipalities in 43 States we were particularly distressed to see the bill amended so as to exclude from the scope of investigation by the proposed Intergovernmental Relations Commission the subject of intergovernmental tax immunities on the theory that it would bring up the subject of taxation of municipal bonds.

Our executive director, Mr. Carl H. Chatters, who is also the former executive director of the Municipal Finance Officers Association has been the principal witness before congressional committees the last three times the subject of taxation of municipal bonds has been discussed. So, you can see that we are at least as interested in preserving the tax-free status of municipal bonds as anybody else.

With this as a background, I should like to respectfully point out that we should like to see the amendment which removed from the scope of the Commission the subject of intergovernmental tax immunities restored to the bill before it becomes law. We do not think that the scope of the Commission's study should be restricted by the removal of this charge to it in the form of its duties. Likewise, we take it that the study of intergovernmental tax immunities refers to the immunity of the Federal Government, itself, from local taxes. As you know, this is one of the most bothersome problems confronting many of the Nation's municipalities.

If the language is left in the bill, we do not think that it in any way prejudices the chances for the passage of S. 788. As I have said to you in two interviews on this subject, we will be happy to join with you in support of this bill because we recognize, as you do, that the matter needs immediate and serious consideration by the Congress.

If there is a fear regarding the subject of tax immunity of municipal bonds, a conference committee report can contain language clarifying this situation.

While we still support S. 1514, we think it a better bill if the language concerning intergovernmental tax immunities is left in it.

Please allow me to thank you for the generosity you have exhibited in allowing me to present some of the problems of the Nation's cities to you during the past several months. On behalf of the majority of the Nation's population which now lives in incorporated places I want to assure you that your understanding of and willingness to study the problems of the cities is most appreciated. Your keen talents devoted to those problems auger well for their future solution.

Yours sincerely,

RANDY HASKELL HAMILTON,
Director of the Washington Office.

APPENDIX 3

COMPTROLLER GENERAL OF THE UNITED STATES,
Washington 25, May 7, 1953.

CLARE E. HOFFMAN,
*Chairman, Committee on Governmental Operations,
House of Representatives.*

MY DEAR MR. CHAIRMAN: Reference is made to your letters of April 27, 1953, acknowledged by telephone April 29, forwarding for comment and report of this Office H. R. 4848 and 4851, 83d Congress, each entitled "A bill to establish a National Commission on Intergovernmental Relations."

The subject matter of the above-captioned bills, excepting as to the membership of the Commission and other minor variations, is similar to that contained in H. R. 4406, 3603, 3183, 302, 1606, 121, 1300, and 1838, 83d Congress, the subject of Office reports of April 14, March 11, 5, and 2, 1953, to you. Also, the subject matter is essentially similar to H. R. 5251, 13. 41, 391, 3303, and 3683, 82d Congress, which were the subject of office reports of September 7, March 19, May 8 and 14, 1951, to the chairman of the then Committee on Expenditures in the Executive Departments. Furthermore, it is noted that a companion bill S. 1514 was reported upon favorably by the Senate Committee on Government Operations, its report being No. 215, 83d Congress.

As heretofore indicated in the several reports of this Office, it may be a survey and recommendation by a bipartisan committee covering the activities encompassed in the proposed legislation would be of assistance in resolving problems arising therefrom. However, the subject matter not falling within the jurisdiction of the General Accounting Office, I have no recommendation to offer either for or against the establishment of such a commission.

Sincerely yours,

LINDSAY C. WARREN,
Comptroller General of the United States.

APPENDIX 4

EXECUTIVE OFFICE OF THE PRESIDENT,
BUREAU OF THE BUDGET,
Washington 25, D. C., May 11, 1953.

CLARE E. HOFFMAN,
*Chairman, Committee on Government Operations,
House of Representatives, Washington 25, D. C.*

MY DEAR MR. CHAIRMAN: This is in reference to your letters dated February 17, 1953, and May 4, 1953, requesting reports and comments on H. R. 280, H. R. 469, H. R. 1248, H. R. 2089, and H. R. 992. Since the first four of these bills are identical and the fifth relates to the same general subject, I am reporting and commenting upon them all in this one letter.

H. R. 280, H. R. 469, H. R. 1248, and H. R. 2089 are four similar bills to re-establish the Commission on Organization of the Executive Branch of the Government. These bills are for the most part verbatim copies of Public Law 162 of the 80th Congress (61 Stat. 246), which established in 1947 the Commission on Organization of the Executive Branch of the Government, popularly called the Hoover Commission. They provide for a bipartisan commission of indefinite duration which would be composed of 4 members appointed by the President,

4 by the President pro tempore of the Senate, and 4 by the Speaker of the House of Representatives. The purposes set forth in section 1 of these bills are exactly the same as those of the 1947 act, except that they are particularly directed at the nondefense services, activities, and functions of the Government. The duties of the proposed Commission are likewise substantially the same, namely, "to study and investigate the present organization and methods of operation of all departments, bureaus, agencies, boards, commissions, offices, independent establishments and instrumentalities of the executive branch of the Government, particularly those of a nondefense character to determine what changes therein are necessary in their opinion to accomplish the purposes set forth in section 1 of this act."

The fifth bill, H. R. 992, a bill for the establishment of the Commission on Organization of the Executive Branch of the Government, is similar in many respects to Public Law 162 of the 80th Congress and the four bills above. The purposes of this bill set forth in section 1, however, are considerably broader. The first 5 purposes are identical to those of Public Law 162; 5 additional purposes are set forth, as follows:

"(6) eliminating services, functions, and activities more properly within the jurisdiction of State and local governments;

"(7) eliminating nonessential services, functions, and activities which are competitive with private enterprise;

"(8) postponing expenditures during periods of heavy defense commitments where deferral will not impair essential functioning of government;

"(9) defining responsibilities of officials; and

"(10) relocating agencies now responsible directly to the President in departments or other agencies."

To achieve these purposes, a temporary Commission of 12 members is created. Four members of the Commission would be appointed by the President, four by the President pro tempore of the Senate, and four by the Speaker of the House of Representatives. The Commission would render to the Congress a report of its findings and recommendations no later than February 1, 1954.

H. R. 992 is identical to S. 106 as introduced on January 7, 1953. Following the hearings on S. 106 conducted by the Senate Committee on Government Operations on April 14, I was invited by that committee to an executive session at which I assisted in proposing various amendments. On May 4, the committee reported S. 106 favorably with amendments. Those amendments are substantially in accord with my views. On May 6, the Senate passed S. 106, as amended, without objection.

My recommendations to your committee on the five subject bills of this letter, therefore, are that H. R. 280, H. R. 469, H. R. 1248, and H. R. 2089 not be considered favorably, and that should the Congress determine to provide for a study of the organization and functions of the executive branch by the establishment of an appropriate commission, either H. R. 992 be amended to accord with the Senate-approved S. 106, or that S. 106 itself be reported favorably.

It is my hope that these comments will be helpful to your committee. There is one final point which should be emphasized. Regardless of whatever decisions are made by the Congress to establish a commission along the lines proposed in these bills, it is my view, which I trust is shared by the Congress, that any such commission should not operate so as to postpone or otherwise inhibit the President's program for reorganizing the executive branch of the Government toward greater efficiency and economy. There is an absolute need for the President to be able to effect changes in executive branch organization to meet emerging problems and changing conditions. The Congress, by recently extending the Reorganization Act of 1949, provided an important instrument to meet this need. My view is that actions under that act and other authorities for improving executive branch organization can, and must, go on even though there may be a distinguished body of objective individuals undertaking valuable study of related basic problems. You may be assured that, should the Congress determine to create a commission to study executive branch organization and functions, I stand ready to assist and cooperate in every possible way.

Sincerely yours,

JOS. M. DODGE, *Director*.

APPENDIX 5

STATEMENT OF THE INVESTORS LEAGUE, INC.

I am William Jackman, president of the Investors League, Inc., with headquarters at 175 Fifth Avenue, New York 10, N. Y. The League I represent is the oldest and most successful organization of investors, with thousands of members residing in every State of the Union. It is an organization of investors, both small and large, who make up the backbone of our private enterprise system which is, in turn, the backbone of our national economy.

The National Advisory Board of the Investors League is represented by 45 States, consisting of 80 individuals, and is what might be termed a grassroots organization. The policies and program of the league are determined by its membership, advisory board, and board of directors.

During the month of March 1953 I made a speaking tour across the country, during which I addressed chambers of commerce, service clubs, and made numerous radio broadcasts on the Ferguson-Brown bill (S. 106 and H. R. 992). As a result many of the clubs I addressed have adopted resolutions approving the bill and expressing their support.

The tremendous amount of mail we have received from all over the country, by virtue of this tour, would indicate wholehearted support by Americans in every walk of life. Many of them used the expression that the enactment of this legislation would be one of the finest roadblocks against socialism.

The Investors League, however, is particularly interested in that phase of the investigation covered by the bill which would show the extent to which the Government has taken over business operations which can be and should be handled by private organizations. It is our feeling that when this investigation has been completed it is very likely to occur to Congress that if the vast properties now owned by the Government were sold to private interests the results would be most constructive from the standpoint of the national debt and tax revenues. In other words, if the proceeds from the sale of these properties were utilized exclusively to pay off a portion of the Government debt the reduction, we believe, would be substantial.

Obviously, thereafter, the Federal budget would not need to include interest on that portion of the Federal debt which had been retired by the properties operating under private ownership, and would yield very large sums of new taxes which the Government has heretofore not received. These additional taxes should, of course, result in a reduction in tax rates all along the line.

Completely separate and apart from the tax features of these bills is the fact that they are in line with the league's basic objectives in helping to maintain the private-enterprise system.

It is well known that private operating enterprises cannot compete with Government-owned concerns for two very good reasons; one is that the Government-owned enterprises are free from taxation, and the other is that the funds necessary to keep them in operation and allow for growth in the case of the Government-owned concern comes from the taxpayers rather than the investor-public.

If our private-enterprise system is to serve the public well the competitive conditions under which it operates must not only be fair but it must be similar in all instances. In other words, the same rules must apply to all. Obviously, if one group of organizations has definite advantages the tendency is to weaken the other.

It might well be that if the Commission should recommend the sale of certain properties, recognition should be made of the effect of such sale on our economy, and the financial markets. It should be readily understood that the sale of such properties should not be wholesale, but rather on a piecemeal basis.

For instance, it is our belief that the synthetic rubber industry could readily be absorbed by the rubber companies. Certain of the electric projects should be absorbed by the utility companies. In neither of these instances would the economy or financial markets be adversely affected.

Behind the framework of our entire economy in the United States, as you know lies the system sometimes referred to as the capitalistic system and sometimes the private-enterprise system. This system must stand if the country as we know it is to stand; if future generations are to have the comforts and benefits we have enjoyed in the past and are enjoying today. There is no escape from that fact. I know it, you know it, and every member of the Investors League knows it.

Anything and everything that can be done to preserve the private-enterprise system is of concern to the investing public, for we must not lose sight of the fact that someone has to put up an average of \$12,000 to put a man to work.

Therefore, we consider the Ferguson-Brown bill a step in the right direction because, basically, it recognizes the free-enterprise system and creates a roadblock to further encroachment in the field of business by Government.

There are, of course, Government enterprises which are not, in the truest sense, competitive with private enterprise, and these should remain Government projects, making certain, however, that the products of these enterprises do not compete with taxpaying enterprise.

There is an abundance of venture capital available that would readily be forthcoming if (1) steps are taken by the Federal Government to prevent the encroachment of Government with taxpaying enterprise, (2) tax adjustments that could be made by the enactment of this legislation and (3) public interest would be better served by private ownership than by Government ownership

X

CREATION OF COMMISSIONS TO STUDY FEDERAL REORGANIZATIONS, AND FEDERAL-STATE RELATIONS

HEARING BEFORE THE COMMITTEE ON GOVERNMENT OPERATIONS UNITED STATES SENATE

EIGHTY-THIRD CONGRESS

FIRST SESSION

ON

S. 106

FOR THE ESTABLISHMENT OF THE COMMISSION ON
ORGANIZATION OF THE EXECUTIVE BRANCH
OF THE GOVERNMENT

S. 526

TO ESTABLISH A NATIONAL COMMISSION ON INTER-
GOVERNMENTAL RELATIONS

S. 1328

TO ESTABLISH A TEMPORARY NATIONAL COMMISSION
ON INTERGOVERNMENTAL RELATIONS

S. 1514

TO ESTABLISH A COMMISSION ON GOVERNMENTAL
FUNCTIONS AND FISCAL RESOURCES

APRIL 14, 1953

Printed for the use of the Committee on Government Operations



UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1953

SENATE COMMITTEE ON GOVERNMENT OPERATIONS

JOSEPH R. MCCARTHY, Wisconsin, *Chairman*

KARL E. MUNDT, South Dakota

MARGARET CHASE SMITH, Maine

HENRY C. DWORSHAK, Idaho

EVERETT M. DIRKSEN, Illinois

JOHN MARSHALL BUTLER, Maryland

CHARLES E. POTTER, Michigan

JOHN L. MCCLELLAN, Arkansas

CLYDE R. HOEY, North Carolina

HUBERT H. HUMPHREY, Minnesota

HENRY M. JACKSON, Washington

JOHN F. KENNEDY, Massachusetts

W. STUART SYMINGTON, Missouri

WALTER L. REYNOLDS, *Chief Clerk and Staff Director*

ANN M. GRICKIS, *Assistant Chief Clerk*

RICHARD J. O'MELIA, *General Counsel*

ELI E. NOBLEMAN, *Professional Staff Member*

GLENN K. SHRIVER, *Professional Staff Member*

SUBCOMMITTEE ON REORGANIZATION

MARGARET CHASE SMITH, Maine, *Chairman*

HENRY C. DWORSHAK, Idaho

EVERETT M. DIRKSEN, Illinois

JOHN MARSHALL BUTLER, Maryland

CLYDE R. HOEY, North Carolina

HUBERT H. HUMPHREY, Minnesota

JOHN F. KENNEDY, Massachusetts

CONTENTS

	Page
Message from the President of the United States recommending the establishment of a Commission on Governmental Functions and Fiscal Resources (H. Doc. No. 114)-----	3
S. 106, for the establishment of the Commission on Organization of the Executive Branch of the Government-----	4
S. 526, to establish a National Commission on Intergovernmental Relations-----	6
S. 1328, to establish a temporary National Commission on Intergovernmental Relations-----	8
S. 1514, to establish a Commission on Governmental Functions and Fiscal Resources-----	10
Senate Committee on Government Operations:	
Staff memorandum No. 83-1-12, April 13, 1953, re bill S. 106-----	11
Staff memorandum No. 83-1-13, April 14, 1953, re bill S. 1514-----	13
Appendix A, staff memorandum 83-1-16, April 20, 1953, comparative analysis of bills proposing the creation of commissions to study intergovernmental relations (S. 1514, Taft; S. 526, Hendrickson; S. 1328, Humphrey; and S. 1146, committee bill, 82d Congress)---	85
History of Legislative Effort To Establish a National Commission on Intergovernmental Relations, prepared by Legislative Reference Service, Library of Congress, February 23, 1953-----	61
Statement of—	
Armstrong, Hon. O. K., a former Representative in Congress from the State of Missouri-----	70
Brown, Hon. Clarence J., a Representative in Congress from the State of Ohio-----	22-24, 46-48, 53, 56, 64, 71-73
Ferguson, Hon. Homer, a United States Senator from the State of Michigan-----	47-48, 55-56, 64, 70
Hendrickson, Hon. Robert C., a United States Senator from the State of New Jersey-----	25-26, 60, 63-64, 72-73
McCarthy, Hon. Joseph R., chairman of Committee on Government Operations-----	1
Miller, Lambert H., general counsel, the National Association of Manufacturers-----	64
Taft, Hon. Robert A., a United States Senator from the State of Ohio--	18-22, 25-26, 47-48, 56, 63-64
Letters, statements, and so forth, submitted for the record by—	
Brown, Hon. Clarence J., a Representative in Congress from the State of Ohio:	
Statement relative to S. 106 and S. 1514-----	56
Statement of Mr. William Jackman, president of the Investors League, 175 Fifth Ave., New York, N. Y-----	59
Statement of Mr. Steve Stahl, coordinator of the National Conference of State Taxpayer Executives-----	60
Deming, George H., director of technical assistance, American Municipal Association, statement of-----	77
Statement presented at the President's conference for representatives of local governmental organizations at the White House, March 31, 1953-----	79
Policy statements of American Municipal Association on intergovernmental relations-----	83
Ferguson, Hon. Homer, a United States Senator from the State of Michigan:	
Statement on S. 106 and S. 1514-----	48
Statement of July 4, 1952, on introduction of bill to create a Legislative Bureau of Credit and Review, 82d Congress, 2d session, together with draft of bill S. 3482-----	49

	Page
Letters, statements, and so forth, submitted for the record by—Con.	
Ferguson, Hon. Homer—Continued	
Joint statement by Senator Homer Ferguson and Representative Clarence J. Brown, of Ohio, on introduction of bill for the establishment of the Commission on Organization of the Executive Branch of the Government.....	53
Hendrickson, Hon. Robert C., a United States Senator from the State of New Jersey:	
History of Legislative Effort to Establish a National Commission on Intergovernmental Relations, prepared by the Legislative Reference Service, Library of Congress, February 23, 1953.....	61
Letter from Hon. C. Colburn Hardy, East Orange, N. J.....	64
Various speeches made on Senate floor, from February 7, 1949, to April 1, 1953, on subject of creating a Commission To Study Intergovernmental Relations.....	26-46
Hoover, Hon. Herbert, former President of the United States, and former Chairman of the Commission on Organization of the Executive Branch of the Government, telegram to Hon. Joseph R. McCarthy.....	17
Humphrey, Hon. Hubert H., a United States Senator from the State of Minnesota, statement of.....	73
Land, E. S., president, Air Transport Association of America, Washington, D. C., letter to Hon. Joseph R. McCarthy, April 15, 1953.....	75
Lull, George F., M. D., secretary and general manager, American Medical Association, statement.....	76
McCarthy, Hon. Joseph R., a United States Senator from the State of Wisconsin:	
Telegram dated April 13, 1953, from Hon. Herbert Hoover, former President of the United States, and former Chairman of the Commission on Organization of the Executive Branch of the Government.....	17
Miles, Clarence R., manager, legislative department, Chamber of Commerce of the United States, letter to Senator Joseph R. McCarthy, April 15, 1953.....	75
Ostertag, Hon. Harold C., a Representative in Congress from the State of New York, statement of.....	76

APPENDIX A

Staff memorandum 83-1-16, April 20, 1953, comparative analysis of bills proposing the creation of commissions to study intergovernmental relations (S. 1514, Taft; S. 526, Hendrickson; S. 1328, Humphrey; S. 1146, committee bill, 82d Cong.).....	85
---	----

CREATION OF COMMISSIONS TO STUDY FEDERAL REORGANIZATIONS, AND FEDERAL-STATE RELATIONS

TUESDAY, APRIL 14, 1953

UNITED STATES SENATE,
COMMITTEE ON GOVERNMENT OPERATIONS,
Washington, D. C.

The committee met, pursuant to call, at 2 p. m., in room 357 of the Senate Office Building, Senator Joseph R. McCarthy, Chairman, presiding.

Present: Senator Joseph R. McCarthy, Republican, Wisconsin; Senator Margaret Chase Smith, Republican, Maine; Senator Henry C. Dworshak, Republican, Idaho; Senator Clyde R. Hoey, Democrat, North Carolina; and Senator John F. Kennedy, Democrat, Massachusetts.

Present also: Walter L. Reynolds, chief clerk; Ann M. Grickis, assistant chief clerk; Eli E. Nobleman, professional staff member.

The CHAIRMAN. The committee will come to order.

The subject of this hearing, the creation of commissions to study and recommend Federal reorganizations and the improvement of Federal-State relations, has been under almost continuous consideration by this committee over a period of 4 years, following the submission of the Hoover Commission's reports and recommendations in 1949. During that period numerous bills have been filed in the House and the Senate, and this committee has drafted several committee bills growing out of extensive hearings held during the 81st Congress, in an effort to improve the internal structure of the Federal Government, and to devise some means of initiating studies into Federal-State relations.

The Hoover Commission proposed that Congress should authorize studies to help it solve numerous problems that had arisen in connection with Federal relations with State and local governments, in five major areas, defined as follows: (1) That the functions and activities of the Federal, local, and State governments be appraised to determine which can be most advantageously operated by each level of government, and which require joint policy making, financing and administration; (2) that the tax systems—National, State, and local—be revised, and that in this revision every effort be made to leave to localities and States adequate resources from which to raise revenue to meet duties and responsibilities of local and State governments; (3) that all Federal grants-in-aid to State governments be budgeted and administered on the Federal and State levels, as are other Federal and State funds; (4) that the grants-in-aid plans and programs be clarified and systematized; and (5) that a continuing agency on Federal-State relations be created to make studies and recommendations which would be helpful in the accomplishment of these objectives.

Incidentally, may I say to the Senators present and about to testify, that I was just over to the Senate floor, and we received permission to sit today.

During the 81st Congress this committee reported favorably to the Senate on June 13, 1949, a bill (S. 1946) drafted by attorneys for the Hoover Commission, after extensive joint hearings had been held on a number of related bills then pending in the Congress. Due to objections on the part of individual Senators, primarily relating to the composition of the membership of the proposed commission and the length of time provided for the study, the bill was not approved when called on the calendar. In an effort to perfect the original bill and to expedite action, the committee reconsidered its action and reported a new committee bill, S. 3147, containing appropriate amendments designed to meet objections to the original proposal, but this bill also failed of approval in the Senate.

A new committee bill (S. 1146), was introduced in the 82d Congress, incorporating provisions for the creation of a temporary, bipartisan National Commission on Intergovernmental Relations, which would have been authorized to make a study and report within a period of 2 years, at which time Congress would have been required to make a further determination as to whether or not the Commission should be continued on a permanent basis.

This committee has pending before it four bills: S. 106, by Senator Ferguson, to establish a Commission on Organization of the Executive Branch of the Government; S. 526, by Senator Hendrickson, and 11 other Senators, to establish a National Commission on Intergovernmental Relations; S. 1328, by Senator Humphrey, to establish a temporary National Commission on Intergovernmental Relations; and S. 1514, by Senator Taft, to establish a Commission on Governmental Functions and Fiscal Resources. S. 106 would create a new "Hoover Commission," with extended powers to recommend basic legislative and administrative action, with a view toward eliminating unnecessary Federal services. The last three bills would carry out the recommendations of the Hoover Commission for the creation of a Commission To Study Intergovernmental Relations, particularly as they relate to taxes and fiscal problems.

The purpose of this hearing is to develop testimony on 2 of the proposals: S. 106, introduced by Senator Ferguson on January 7, 1953, and S. 1514, introduced by Senator Taft on April 1, 1953—and perhaps on all 4 proposals. Senator Taft's bill is in conformity with a message transmitted to the Congress by the President on March 30, 1953, and in his state of the Union message, recommending favorable action on such legislation.

I understand that Senator Hendrickson may appear. Is that right, Mr. Reynolds?

Mr. REYNOLDS. That is correct, sir.

The CHAIRMAN. He will want to be heard on his bill and Senator Humphrey has written us and suggested that his bill be considered at the same time as the Taft and Ferguson bills. I think that may be a good suggestion. Senator Humphrey has been notified that we shall be glad to hear him if he will appear.

For the purpose of the record, I insert at this point the President's message to Congress recommending favorable action on legislation

dealing with the improvement of Federal-State relations, copies of all four bills, and staff memorandums giving brief outlines of the bills and their relation to the Hoover Commission proposals. I also include, as appendix A, a staff analysis, by titles, of S. 1514, S. 526 and S. 1328, and S. 1146, reported favorably by this committee in the 82d Congress.

(The President's message, bills S. 106, S. 526, S. 1328, and S. 1514, and staff memorandums Nos. 83-1-12 and 83-1-13 are as follows:)

[H. Doc. 114, 83d Cong., 1st sess.]

COMMISSION ON GOVERNMENTAL FUNCTIONS AND FISCAL RESOURCES

MESSAGE FROM THE PRESIDENT OF THE UNITED STATES

To the Congress of the United States:

In the state of the Union message I expressed my deep concern for the well-being of all of our citizens and the attainment of equality of opportunity for all. I further stated that our social rights are a most important part of our heritage and must be guarded and defended with all of our strength. I firmly believe that the primary way of accomplishing this is to recommend the creation of a commission to study the means of achieving a sounder relationship between Federal, State, and local governments.

The way has now been prepared for appropriate action. Shortly after stating my original intention, I called an exploratory meeting of interested officials, including Members of Congress and a group of governors representing the Council of State Governments, to confer with me on such a study. This conference produced general agreement on the importance of the problem and an offer of cooperation in the proposed study. Within a few days representatives of several leading organizations of local governmental officials will meet at the White House with several of my associates to give their considered and needed counsel.

The present division of activities between Federal and State Governments, including their local subdivisions, is the product of more than a century and a half of piecemeal and often haphazard growth. This growth in recent decades has proceeded at a speed defying order and efficiency. One program after another has been launched to meet emergencies and expanding public needs. Time has rarely been taken for thoughtful attention to the effects of these actions on the basic structure of our Federal-State system of government.

Now there is need to review and assess, with prudence and foresight, the proper roles of the Federal, State, and local governments. In many cases, especially within the past 20 years, the Federal Government has entered fields which, under our Constitution, are the primary responsibilities of State and local governments. This has tended to blur the responsibilities of local government. It has led to duplication and waste. It is time to relieve the people of the need to pay taxes on taxes.

A major mark of this development has been the multiplication of Federal grants-in-aid for specific types of activities. There are now more than 30 such grant programs. In the aggregate, they involve Federal expenditures of well over \$2 billion a year. They make up approximately one-fifth of State revenues.

While by far the greater part of these expenditures are in the fields of social security, health, and education, they also spread into many other areas. In some cases the Federal Government apportions fixed amounts among the States; in others it matches State expenditures; and, in a few, it finances the entire State expenditures. The impact of all these grants on State governments has been profound. While they have greatly stimulated the development of certain State activities, they have complicated State finances and administration; and they have often made it difficult for States to provide the funds for other important services.

The maintenance of strong, well-ordered State and local governments is essential to our Federal system of government. Lines of authority must be clean and clear, the right areas of action for Federal and State Governments plainly defined. This is imperative for the efficient administration of governmental programs in the fields of health, education, social security, and other grants-in-aid areas.

The manner in which best to accomplish these objectives, and to eliminate friction, duplication, and waste from Federal-State relations, is therefore a major national problem. To reallocate certain of these activities between Federal and State Governments, including their local subdivisions, is in no sense to lessen our concern for the objectives of these programs. On the contrary, these programs can be made more effective instruments serving the security and welfare of our citizens.

To achieve these purposes, I recommend the enactment of legislation to establish a commission on governmental functions and fiscal resources to make a thorough study of grants-in-aid activities and the problems of finance and Federal-State relations which attend them. The commission should study and investigate all the activities in which Federal aid is extended to State and local governments, whether there is justification for Federal aid in all these fields, whether there is need for such aid in other fields. The whole question of Federal control of activities to which the Federal Government contributes must be thoroughly examined.

The matter of the adequacy of fiscal resources available to the various levels of government to discharge their proper functions must be carefully explored.

The commission should be of such size and composition as to permit appropriate representation of the various governmental levels and of outstanding members of the general public. It should be provided with an excellent staff, able to draw on the great amount of work which has already been done in this field.

In order that the commission may complete its report in time for consideration by the next session of the Congress, I urge prompt action on this matter.

DWIGHT D. EISENHOWER.

THE WHITE HOUSE, March 30, 1953.

[S. 106, 83d Cong., 1st sess.]

A BILL For the establishment of the Commission on Organization of the Executive Branch of the Government

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

DECLARATION OF POLICY

SECTION 1. It is hereby declared to be the policy of Congress to promote economy, efficiency, and improved service in the transaction of the public business in the departments, bureaus, agencies, boards, commissions, offices, independent establishments, and instrumentalities of the executive branch of the Government by—

- (1) limiting expenditures to the lowest amount consistent with the efficient performance of essential services, activities, and functions;
- (2) eliminating duplication and overlapping of services, activities, and functions;
- (3) consolidating services, activities, and functions of a similar nature;
- (4) abolishing services, activities, and functions not necessary to the efficient conduct of government;
- (5) defining and limiting executive functions, services, and activities;
- (6) eliminating services, functions, and activities more properly within the jurisdiction of State and local governments;
- (7) eliminating nonessential services, functions, and activities which are competitive with private enterprise;
- (8) postponing expenditures during periods of heavy defense commitments where deferral will not impair essential functioning of government;
- (9) defining responsibilities of officials; and
- (10) relocating agencies now responsible directly to the President in departments or other agencies.

ESTABLISHMENT OF THE COMMISSION ON ORGANIZATION OF THE EXECUTIVE BRANCH

SEC. 2. For the purpose of carrying out the policy set forth in section 1 of this Act, there is hereby established a commission to be known as the Commission on Organization of the Executive Branch of the Government (in this Act referred to as the "Commission").

MEMBERSHIP OF THE COMMISSION

SEC. 3. (a) NUMBER AND APPOINTMENT.—The Commission shall be composed of twelve members as follows:

(1) Four appointed by the President of the United States, two from the executive branch of the Government and two from private life;

(2) Four appointed by the President pro tempore of the Senate, two from the Senate and two from private life; and

(3) Four appointed by the Speaker of the House of Representatives, two from the House of Representatives and two from private life.

(b) QUALIFICATION OF MEMBERS.—Of each class of four members appointed under paragraphs (1), (2), and (3) of subsection (a), respectively, one member, if available, shall have served on the Commission established pursuant to the Act entitled "An Act for the Establishment of the Commission on Organization of the Executive Branch of the Government", approved July 7, 1947.

(c) VACANCIES.—Any vacancy in the Commission shall not affect its powers, but shall be filled in the same manner in which the original appointment was made.

ORGANIZATION OF THE COMMISSION

SEC. 4. The Commission shall elect a Chairman and a Vice Chairman from among its members.

QUORUM

SEC. 5. Seven members of the Commission shall constitute a quorum.

COMPENSATION OF MEMBERS OF THE COMMISSION

SEC. 6. (a) MEMBERS OF CONGRESS.—Members of Congress who are members of the Commission shall serve without compensation in addition to that received for their services as Members of Congress; but they shall be reimbursed for travel, subsistence, and other necessary expenses incurred by them in the performance of the duties vested in the Commission.

(b) MEMBERS FROM THE EXECUTIVE BRANCH.—The members of the Commission who are in the executive branch of the Government shall serve without compensation in addition to that received for their services in the executive branch, but they shall be reimbursed for travel, subsistence, and other necessary expenses incurred by them in the performance of the duties vested in the Commission.

(c) MEMBERS FROM PRIVATE LIFE.—The members from private life shall each receive \$75 per diem when engaged in the actual performance of duties vested in the Commission, plus reimbursement for travel, subsistence, and other necessary expenses incurred by them in the performance of such duties.

STAFF OF THE COMMISSION

SEC. 7. The Commission shall have power to appoint and fix the compensation of such personnel as it deems advisable, in accordance with the provisions of the civil service laws and the Classification Act of 1923, as amended.

EXPENSES OF THE COMMISSION

SEC. 8. There is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, so much as may be necessary to carry out the provisions of this Act.

EXPIRATION OF THE COMMISSION

SEC. 9. Ninety days after the submission to the Congress of the report provided for in section 10 (b), the Commission shall cease to exist.

DUTIES OF THE COMMISSION

SEC. 10. (a) INVESTIGATION.—The Commission shall study and investigate the present organization and methods of operation of all departments, bureaus, agencies, boards, commissions, offices, independent establishments, and instrumentalities of the executive branch of the Government to determine what changes therein are necessary in their opinion to accomplish the purposes set forth in section 1 of this Act.

(b) REPORT.—The Commission shall make a report of its findings and recommendations to the Congress not later than February 1, 1954.

POWERS OF THE COMMISSION

SEC. 11. (a) HEARINGS AND SESSIONS.—The Commission, or any member thereof, may, for the purpose of carrying out the provisions of this Act, hold such hearings and sit and act at such times and places, and take such testimony, as the Commission or such member may deem advisable. Any member of the Commission may administer oaths or affirmations to witnesses appearing before the Commission or before such member.

(b) OBTAINING OFFICIAL DATA.—The Commission is authorized to secure directly from any executive department, bureau, agency, board, commission, office, independent establishment, or instrumentality, information, suggestions, estimates, and statistics for the purpose of this Act: and each such department, bureau, agency, board, commission, office, establishment, or instrumentality is authorized and directed to furnish such information, suggestions, estimates, and statistics directly to the Commission, upon request made by the Chairman or Vice Chairman.

[S. 526, 83d Cong., 1st sess.]

A BILL To establish a National Commission on Intergovernmental Relations

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

ESTABLISHMENT OF THE NATIONAL COMMISSION ON GOVERNMENTAL RELATIONS

SECTION 1. There is hereby established a national bipartisan commission, in which the various levels of government are represented, to be known as the National Commission on Intergovernmental Relations (hereinafter referred to as the "Commission"). In view of the constantly increasing complexity, during the last century and a half, of a vast network of relationships among the Federal, State, county, and municipal governments in the United States, this Commission is established for the purpose of studying and making recommendations to the President and the Congress, in an effort to bring about—

(1) the finding of ways and means of establishing a more orderly and less competitive fiscal relationship between the several levels of government. Major aspects of this problem include the overlapping and confused systems of taxation and the increasing demands made upon the Federal Government and the States for tax-sharing and grants-in-aid, without following any consistent overall pattern;

(2) the elimination of duplication and overlapping services, activities, and functions, and the securing of a better coordination of such services, activities, and functions among the several levels of government;

(3) the attainment of such an allocation of governmental functions among the several levels of government as will contribute to economy in governmental administration on the one hand, and maximum service to the public on the other;

(4) a reduction in the total governmental expenditures to the lowest possible level consistent with the efficient performance of essential services, activities, and functions;

(5) the development, within the existing constitutional framework, of a governmental structure, and such cooperative policies and procedures as will tend to overcome existing obstacles to efficient governmental administration, and to lay a sound foundation for future development.

MEMBERSHIP OF THE COMMISSION

SEC. 2. (a) The Commission shall be composed of fourteen members, as follows:

(1) Five appointed by the President of the United States, two of whom shall be officers of the executive branch of the Government and three of whom shall be private citizens, all of whom shall have had experience with or knowledge of major problems in the field of intergovernmental relations;

(2) Two appointed by the President of the Senate, who shall be Members of the Senate;

(3) Two appointed by the Speaker of the House of Representatives, who shall be Members of the House;

(4) Two appointed by the President of the United States, who shall be State officials, from a panel of at least four, submitted by the Council of State Governments;

(5) Two appointed by the President of the United States, who shall be municipal officials, from a panel of at least four, submitted jointly by the American Municipal Association, the International City Managers Association, and the United States Conference of Mayors;

(6) One appointed by the President of the United States, who shall be a county official, from a panel of at least two, submitted by the National Association of County Officials.

(b) Of the members enumerated in paragraph (1) of subsection (a), not more than three members shall be from any one political party; of each class of members enumerated in paragraphs (2), (3), (4), and (5) of subsection (a), not more than one member shall be from any one political party.

(c) Any vacancy in the Commission shall not affect its powers, but shall be filled in the same manner in which the original appointment was made.

(d) The Commission shall elect a Chairman and a Vice Chairman from among its members.

(e) Seven members of the Commission shall constitute a quorum.

DUTIES OF THE COMMISSION

SEC. 3. It shall be the duty of the Commission—

(1) to make a thorough and comprehensive study of the subjects listed below, and of any related subjects, with a view to determining what changes in existing relationships, in its opinion, are necessary to the accomplishment of the purposes set forth in section 1 of this Act—

(A) the origin and development, and present status, of the relations and interrelations of the Federal, State, and local governments of the United States;

(B) the allocation of governmental functions among the Federal, State, and local governments of the United States;

(C) the problem of geographical areas as related to governmental functions, field administration, and metropolitan communities;

(D) the gradual encroachment upon our Federal system of current and impending developments in the fiscal relations of the Federal Government with the States, and of the States with their political subdivisions;

(2) to submit its final report and recommendations to the President and the Congress on the subjects indicated above, and suggest plans and procedures for carrying these recommendations into effect, not later than March 31, 1955.

POWERS OF THE COMMISSION

SEC. 4. (a) The Commission may, in carrying out this Act, hold such hearings, require by subpoena or otherwise the attendance of such witnesses and the production of such correspondence, books, papers, and documents, take such testimony, sit and act at such times and places as it deems advisable. Any member of the Commission may administer oaths or affirmations to witnesses appearing before the Commission. The Commission may delegate the powers conferred by this subsection to any member or to a group of members of the Commission. Sections 102 and 104 of the Revised Statutes, as amended (2 U. S. C. 192, 194), shall be applicable in the case of the failure of any person to comply with the requirements of any subpoena issued and served upon him by the Commission.

(b) The Commission is authorized to secure from any department, agency, or independent instrumentality of the executive branch of the Government any information it deems necessary to carry out its functions under this Act; and each such department, agency, or instrumentality is authorized and directed to furnish such information to the Commission upon request by the Chairman or Vice Chairman.

(c) The Commission shall have power to appoint and fix the compensation of a Director of Research and all other necessary personnel without regard to the civil-service laws, and without reference to political affiliations, solely on the ground of fitness to perform the duties of their office.

COMPENSATION OF COMMISSION MEMBERS

SEC. 5. (a) Members of the Commission, other than those to whom subsections (b) and (c) of section 2 are applicable, and within the provisions of subsection (c) of section 5, shall receive compensation at the rate of \$50 per day for each day they are engaged in the performance of their duties as members of the Commission, and shall be reimbursed for travel, subsistence, and other necessary expenses incurred by them in the performance of their duties as members of the Commission.

(b) Members of the Commission who are Members of Congress shall serve without compensation in addition to that received for their services as Members of Congress; but shall be reimbursed for travel, subsistence, and other necessary expenses incurred by them in the performance of their duties as members of the Commission.

(c) Each member of the Commission from the executive branch of the Government shall receive, in addition to the compensation for duties performed in the executive branch, \$50 per day for each day he is engaged in the performance of his duties as a member of the Commission: *Provided, however,* That his total aggregate annual salary shall not exceed \$12,500; and shall be reimbursed for travel, subsistence, and other necessary expenses incurred in the performance of his duties as a member of the Commission.

AUTHORIZATION FOR APPROPRIATIONS

SEC. 6. There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this Act.

WHEN COMMISSION EXPIRES

SEC. 7. The Commission shall cease to exist at the end of the fiscal year during which its final report to the President and the Congress is made.

[S. 1328, 83d Cong., 1st sess.]

A BILL To establish a temporary National Commission on Intergovernmental Relations

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

FINDINGS OF FACT

SECTION 1. (a) Since the establishment of the Federal system of government, no comprehensive survey has been made by the Congress of the relationships existing among the National, State, and local governments of the United States, of the allocation of governmental functions and powers among these three governmental levels, or of the distribution of jurisdiction of governmental functions and powers exercised by two or more governmental authorities. Prior to a determination of necessity or desirability of a reallocation of functions and powers or of redistribution of jurisdiction over them among the levels of the Federal system, it is necessary that such a study and survey be made. It is the belief of the Congress that such a study and survey of past and present conditions and the determination of what legislation should be proposed can best be accomplished through the cooperative efforts of officials of government and representatives of the people.

(b) Inasmuch as Federal-State-local relations is the cardinal question of our Federal system of government, and inasmuch as the defense mobilization program will further increase and intensify the relationship between the Federal Government and State and local governments, it is the belief of the Congress that a National Commission on Intergovernmental Relations should be established to determine what legislation should be proposed to best resolve these relationships both on an emergency basis and on a permanent basis.

ESTABLISHMENT OF THE NATIONAL COMMISSION ON INTERGOVERNMENTAL RELATIONS

SEC. 2. (a) There is hereby established a temporary national bipartisan commission to be known as the National Commission on Intergovernmental Relations (hereinafter referred to as the "Commission"), which shall be composed of seven members appointed by the President, all of whom shall have had experience

with or knowledge of the major problems in the field of intergovernmental relations and not more than four of whom shall be from any one political party.

(b) Any vacancy in the Commission shall not affect its powers, but shall be filled in the same manner in which the original appointment was made.

(c) The Commission shall elect a Chairman and a Vice Chairman from among its members.

(d) A quorum of the Commission shall consist of four members, except that for the purpose of taking sworn testimony a quorum shall consist of one member.

DUTIES OF THE COMMISSION

SEC. 3. (a) It shall be the duty of the Commission to submit to the Congress specific recommendations based upon a study of—

(1) (A) the past and present relations between the National, State, and local governments of the United States; (B) the past and present allocation of governmental functions and powers among the National, State and local governments of the United States; (C) governmental functions and powers exercised by two or more such governments, the distribution of jurisdiction over such functions exercised by each such government;

(2) the fiscal relations among the National, State, and local governments with a view of determining the possibilities, and mechanism for achieving, on a continuous basis, consistency in the fiscal policies of the several levels of governments. In making such study the Commission shall give particular attention to (A) intergovernmental tax immunities in terms of the problems they create for governments and taxpayers, and means for resolving these problems; (B) revenue sources and means for reducing or eliminating intergovernmental tax competition; and (C) grants-in-aid, tax sharing, and other similar measures for adjusting financial resources to the needs of State and local governments, with a view to proposing guides to the use of such devices and improvements in their operation.

(b) The Commission shall submit a final report of its activities, and the results of its studies to the Congress on or before the end of the second fiscal year which commences after the date of enactment of this Act, and shall cease to exist upon the submission of such final report.

POWERS OF THE COMMISSION

SEC. 4. (a) The Commission may, in carrying out this Act, holding such hearings, take such testimony, and sit and act at such times and places as the Commission deems advisable. Any member of the Commission may administer oaths or affirmations to witnesses appearing before the Commission. The Commission may delegate the powers conferred by this subsection to any member or to a group of members of the Commission.

(b) The Commission is authorized to secure from any department, agency, or independent instrumentality of the executive branch of the Government any information it deems necessary to carry out its functions under this Act; and each such department, agency, and instrumentality is authorized and directed to furnish such information to the Commission, upon request made by the Chairman or Vice Chairman.

(c) The Commission shall have the power, without regard to the civil-service laws, to appoint and fix the compensation of an executive secretary, who shall be the chief administrative officer of the Commission, and such other personnel as it deems advisable, but the rates of compensation of such personnel shall not exceed the rates prescribed in the Classification Act of 1949 for comparable duties.

COMPENSATION FOR MEMBERS OF THE COMMISSION

SEC. 5. (a) Any member or members of the Commission who are appointed from among Members of Congress or from the executive branch of the Government shall serve without compensation in addition to that received for their services as Members of Congress or in the executive branch, but shall be reimbursed for travel, subsistence, and other necessary expenses incurred by them in the performance of their duties as members of the Commission.

(b) Members of the Commission, other than those to whom subsection (a) is applicable, shall receive compensation at the rate of \$50 per day for each day they are engaged in the performance of their duties as members of the Commission and shall be reimbursed for travel, subsistence, and other necessary expenses incurred by them in the performance of their duties as members of the Commission.

AUTHORIZATION FOR APPROPRIATIONS

SEC. 6. There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this Act.

[S. 1514, 83d Cong., 1st sess.]

A BILL To establish a Commission on Governmental Functions and Fiscal Resources

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

DECLARATION OF PURPOSE

SECTION 1. Because existing confusion and wasteful duplication of functions and administration pose a threat to the objectives of programs of the Federal Government shared in by the States including their political subdivisions, because the activity of the Federal Government has been extended into many fields which, under our constitutional system, are the primary interest and obligation of the several States and the subdivisions thereof, and because of the resulting complexity of intergovernmental relations, it is necessary to study the proper role of the Federal Government in relation to the States and their political subdivisions, with respect to such fields, to the end that these relations may be clearly defined and the functions concerned may be allocated to their proper jurisdiction. It is further necessary that intergovernmental fiscal relations be so adjusted that each level of government discharges the functions which belong within its jurisdiction in a sound and effective manner.

COMMISSION ON GOVERNMENTAL FUNCTIONS AND FISCAL RESOURCES

SEC. 2. (a) For the purpose of carrying out this Act there is hereby established a commission to be known as the Commission on Governmental Functions and Fiscal Resources, hereinafter referred to as the "Commission".

(b) The Commission shall be composed of twenty-five members, as follows:

(1) Fifteen members appointed by the President of the United States, from among whom the President shall designate the Chairman and the Vice Chairman of the Commission;

(2) Five members appointed by the President of the Senate, three from the majority party, and two from the minority party; and

(3) Five members appointed by the Speaker of the House of Representatives, three from the majority party, and two from the minority party.

(c) Any vacancy in the Commission shall not affect its powers, but shall be filled in the same manner in which the original appointment was made.

(d) Thirteen members of the Commission shall constitute a quorum, but a lesser number may conduct hearings.

(e) Service of an individual as a member of the Commission or employment of an individual by the Commission as an attorney or expert in any business or professional field, on a part-time or full-time basis, with or without compensation, shall not be considered as service or employment bringing such individual within the provisions of section 281, 283, 284, 434, or 1914 of title 18 of the United States Code, or section 190 of the Revised Statutes (5 U. S. C. 99).

DUTIES OF THE COMMISSION

SEC. 3. (a) The Commission shall study and investigate all of the present activities in which Federal aid is extended to State and local governments. The Commission shall determine and report whether there is justification for Federal aid in the various fields in which Federal aid is extended; whether there are other fields in which Federal aid should be extended; whether Federal control with respect to these activities should be limited, and, if so, to what extent; whether Federal aid should be limited to cases of need; and all other matters incident to such Federal aid, including the ability of the Federal Government and the States to finance activities of this nature.

(b) The Commission, not later than March 1, 1954, shall submit to the President for transmittal to the Congress its final report, including recommendations for legislative action; and the Commission may also from time to time make to the President such earlier reports as the President may request or as the Commission deems appropriate.

HEARINGS; OBTAINING INFORMATION

SEC. 4. (a) The Commission or, on the authorization of the Commission, any subcommittee or member thereof, may, for the purpose of carrying out the provisions of this Act, hold such hearings and sit and act at such times and places, and take such testimony, as the Commission or such subcommittee or member may deem advisable.

(b) The Commission is authorized to secure from any department, agency, or independent instrumentality of the executive branch of the Government any information it deems necessary to carry out its functions under this Act; and each such department, agency, and instrumentality is authorized and directed to furnish such information to the Commission, upon request made by the Chairman or by the Vice Chairman when acting as Chairman.

APPROPRIATIONS, EXPENSES, AND PERSONNEL

SEC. 5. (a) There are hereby authorized to be appropriated such amounts as may be necessary to carry out the provisions of this Act.

(b) Each member of the Commission shall receive \$50 per diem when engaged in the performance of duties vested in the Commission, except that no compensation shall be paid by the United States, by reason of service as a member, to any member who is receiving other compensation from the Federal Government, or to any member who is receiving compensation from any State or local government.

(c) Each member of the Commission shall be reimbursed for travel, subsistence, and other necessary expenses incurred by him in the performance of duties vested in the Commission.

(d) The Commission may appoint and fix the compensation of such employees as it deems advisable in accordance with the provisions of the civil-service laws and the classification laws.

(e) The Commission may procure, with regard to the civil-service laws and the classification laws, temporary and intermittent services to the same extent as is authorized for the departments by section 15 of the Act of August 2, 1946 (60 Stat. 810), but at rates not to exceed \$50 per diem for individuals.

(f) Without regard to the civil-service and classification laws, the Commission may appoint and fix the compensation of a Director who shall perform such duties as the Commission shall prescribe.

TERMINATION OF THE COMMISSION

SEC. 6. Six months after the transmittal to the Congress of the final report provided for in section 3 of this Act, the Commission shall cease to exist.

SENATE COMMITTEE ON GOVERNMENT OPERATIONS,
April 13, 1953.

Staff Memorandum No. 83-1-12.

Subject: S. 106 (Ferguson), to establish the Commission on Organization of the Executive Branch of the Government.

S. 106, introduced by Senator Ferguson on January 7, 1953, would establish a new Commission on Organization of the Executive Branch of the Government, similar in composition to the earlier Commission (Hoover Commission) established by Public Law 162, 80th Congress, but somewhat broader in its frame of reference and authority. Whereas the Hoover Commission was confined in its studies to an examination of organization, methods, and administration, S. 106 authorizes an examination of substantive policies as well. Thus, S. 106 contains the same 5 specific areas of investigation authorized to be made by the Hoover Commission, and also authorizes studies into the following 5 additional areas: (a) elimination of services, functions, and activities more properly within the jurisdiction of State and local governments; (b) elimination of nonessential services, functions, and activities which are competitive with private enterprise; (c) postponement of expenditures during periods of heavy defense commitments where deferral will not impair essential functioning of Government; (d) definition of responsibilities of officials; and (e) relocation of agencies now directly responsible to the President in departments and other agencies. A companion bill, H. R. 992, was introduced in the House of Representatives by Representative Clarence J. Brown of Ohio.

The Commission established by S. 106 would have the same composition as the so-called Hoover Commission—it would consist of 12 members, 4 to be appointed by the President of the United States, 2 from the executive branch and 2 from private life; 4 to be appointed by the President of the Senate, 2 from the Senate and 2 from private life; and 4 to be appointed by the Speaker of the House of Representatives, 2 from the House and 2 from private life. Unlike Public Law 162, 80th Congress, S. 106 does not specify that the Commission be bipartisan. It requires, however, that at least one member of each of these groups shall, if available, have served with the former Commission. In other organizational respects, it is identical with that Commission in that all vacancies are to be filled in the same manner as the original appointment was made; a Chairman and a Vice Chairman are to be elected by the Commission from among its members; seven members shall constitute a quorum; the Commission is authorized to appoint and fix the compensation of such personnel as it deems advisable, in accordance with the provisions of the civil-service laws and the Classification Act of 1949, as amended; and funds necessary to carry out the provisions of the act are authorized.

As in the case of the Hoover Commission, all members of the Commission would receive reimbursement for travel, subsistence, and other necessary expenses incurred by them in the performance of Commission duties. Under Public Law 162, 80th Congress, Members of Congress received no additional compensation, members of the Commission from the executive branch were allowed such additional compensation, in addition to their regular compensation, as was necessary to afford them an aggregate salary of \$12,500 per annum, and members from private life were authorized a per diem of \$50. S. 106, however, provides that members from the executive branch, as well as Members of Congress, would serve without additional compensation, and members from private life would receive \$75 per day when engaged in the actual performance of Commission duties.

The duties of the Commission, under the pending bill, are identical with those of the Hoover Commission, except that the areas of their studies and investigations are somewhat broader. Thus, the Commission is authorized to study and investigate the present organization and methods of operation of the executive branch of the Government to determine what changes are necessary to accomplish the purposes set forth in section 1 of the act which contains, in addition to 5 areas covered by the Hoover Commission, 5 new areas.

As in the case of the former Commission, the new Commission will expire 90 days after the submission of its findings and recommendations to the Congress. The Hoover Commission was required to report within 10 days after the convening and organization of the 81st Congress, whereas the new Commission must make its report to the Congress no later than February 1, 1954.

As in the case of the former Commission, the new Commission, or any member thereof, may hold hearings and sit and act at such times and places and take such testimony as the Commission or such member may deem advisable, for the purposes of carrying out the provisions of the act, and any member may administer oaths or affirmations to witnesses appearing before it or any member. Finally, the Commission is authorized to secure directly from any executive department, bureau, agency, etc., information, suggestions, estimates, and statistics for the purpose of the act, and each such department, agency, etc., is authorized and directed to furnish such information, suggestions, estimates, etc., directly to the Commission upon request made by the Chairman or Vice Chairman.

RECOMMENDATIONS

The following points are developed for committee consideration in taking action on the pending bill:

(1) Section 1, paragraph 6, of S. 106 provides for a study of intergovernmental relations with a view toward "eliminating services, functions, and activities more properly within the jurisdiction of State and local governments." The President of the United States has requested that governmental functions and fiscal-resource problems of intergovernmental relations be studied by a separate commission. In conformity with this request, there are pending before this committee S. 1514, introduced by Senator Taft on behalf of the administration, and two bills which would create a commission to study all aspects of intergovernmental relations (S. 526, Hendrickson, and S. 1328, Humphrey). Should the committee give favorable consideration to one of these bills, it may be desirable to amend S. 106 so as to delete paragraph 6 of section 1, in order to avoid conflicts. In this connection, it may be noted that, although the former Commission

on Organization of the Executive Branch of the Government (Hoover Commission) made a report and recommendation on Federal-State relations, Commissioners Acheson and Forrestal filed a dissent on the ground that such a study exceeded the authority of the Hoover Commission.

(2) S. 106 does not provide for a bipartisan commission, as was required in connection with the appointment of members of the Hoover Commission.

(3) S. 106 provides for the first time that members of the Commission from private life are to receive a per diem of \$75 per day rather than the traditional \$50 per day in addition to reimbursement for travel, subsistence, and other necessary expenses (sec. 6 (c)).

(4) Section 7 of S. 106 requires a perfecting amendment so that line 7 of page 4 will refer to the Classification Act of 1949, as amended, rather than the Classification Act of 1923.

(5) Experience has demonstrated that the provisions of sections 10 (b) and 9, which provide that the Commission submit a report of its findings and recommendations not later than February 1, 1954, and that it cease to exist 90 days thereafter, are not practicable of application. Although Public Law 162, 80th Congress, required the Hoover Commission to report to the Congress within 10 days after the convening and organization of the 81st Congress, with an expiration date of 90 days thereafter, it was necessary for the Congress to extend the time for filing.

Accordingly, it is suggested that section 10 (b) be amended to provide that "The Commission shall submit interim reports at such time or times as the Commission deems necessary, shall submit a comprehensive report of its activities and the results of its studies on or before May 1, 1955, and shall submit its final report not later than December 31, 1955, at which date the Commission shall cease to exist. The final report of the Commission shall propose such constitutional amendments, legislative enactments, and administrative actions, as in its judgments are necessary to carry out its recommendations." If this suggestion receives favorable consideration by the committee, section 9 can be eliminated and the balance of the bill would require renumbering.

ELI E. NOBLEMAN,
Professional Staff Member.

Approved:
WALTER L. REYNOLDS,
Staff Director.

SENATE COMMITTEE ON GOVERNMENT OPERATIONS,
April 14, 1953.

Staff memorandum No. 83-1-13

Subject: S. 1514 (Taft), to establish a Commission on Governmental Functions and Fiscal Resources; S. 526 (Hendrickson) and S. 1328 (Humphrey), to establish a Temporary National Commission on Intergovernmental Relations.

S. 1514 was introduced by Senator Taft on April 1, 1953, in response to the request by the President of the United States for a review and assessment of the proper roles of the Federal, State, and local governments, referred to in his state of the Union message and in a special message laid before the Senate on March 30, 1953.

Following the lines of the President's special message, S. 1514 declares that the complexity of intergovernmental relations, resulting from the extension of Federal Government activities into fields which are the primary interest and obligation of the States and their political subdivisions, requires a study of the proper role of the Federal Government in relation to the States in these fields, with a view to defining Federal-State-local relations, allocating functions to their proper jurisdiction, and adjusting intergovernmental fiscal relations so that each level of government discharges the functions which belong in its jurisdiction.

To accomplish these purposes, S. 1514 establishes a Commission on Governmental Functions and Fiscal Resources, composed of 25 members, 15 of whom would be appointed by the President of the United States, who would designate from among this group the Chairman and Vice Chairman of the Commission; 5 to be appointed by the President of the Senate and 5 to be appointed by the Speaker of the House, 3 from the majority party and 2 from the minority party in each of the latter 2 groups.

The Commission would be directed to study and investigate all of the present activities in which Federal aid is extended to State and local governments, to determine and report whether there is justification for Federal aid in the various fields in which it is extended; whether there are other fields in which Federal aid should be extended; whether Federal control with respect to these activities should be limited, and, if so, to what extent; whether Federal aid should be limited to cases of need; and all other matters incident to such Federal aid, including the ability of the Federal Government and the States to finance activities of this nature. The Commission is directed to transmit its final report, including recommendations for legislative action, to the President for transmission to the Congress, not later than March 1, 1954, but is authorized to make such earlier reports to the President, from time to time, as the President or the Commission deems appropriate.

The Commission is given the usual authority to hold hearings, secure information from departments and agencies, and hire personnel, in accordance with applicable civil service and classification laws, and to procure, without regard to such laws, temporary services to the same extent as is authorized by statute for the departments, but at rates not to exceed \$50 per day.

The appropriation of funds necessary to carry out the provisions of the act and for compensation for each member of the Commission at the rate of \$50 per day, when engaged in the performance of official duties, is authorized, but the payment of compensation by the United States of members who are receiving other compensation from the Federal Government or from any State or local government is prohibited. Reimbursement of Commission members for travel, subsistence, and other necessary expenses is authorized. The Commission is authorized to appoint and fix the compensation of a Director, without regard to civil service and classification laws, who shall perform such duties as the Commission shall prescribe.

Section 6 provides for the termination of the Commission 6 months after the transmission to the Congress of its final report provided for in section 3 of the act (September 1, 1954).

S. 526 AND S. 1328

Two additional bills, S. 526 and S. 1328, would establish a temporary National Commission on Intergovernmental Relations, charged with the duty of studying various aspects of Federal-State-local relations. Although the objectives of these measures are similar to the objectives of S. 1514, there are differences in the form and expression of the purposes of the legislation, the approach, composition and method of appointment of members of the Commission, reporting and expiration dates, and the form and expression of the purposes of the legislation and duties of the Commission.

S. 526, introduced by Senator Hendrickson on January 16, 1952, for himself and 11 other Senators, would establish a bipartisan National Commission on Intergovernmental Relations, to study the entire problem of Federal-State-local relationships and make recommendations to the President and the Congress in an effort to bring about a more orderly and less competitive fiscal relationship between the several levels of Government, and to eliminate duplication, allocate governmental functions, reduce total governmental expenditures, and develop cooperative policies and procedures.

The Commission would be composed of 14 members, 5 to be appointed by the President of the United States, of whom 2 shall be officers of the executive branch and 3 shall be private citizens, all of whom shall have experience with or knowledge of major problems in the field of intergovernmental relations; 2 Senators appointed by the President of the Senate and 2 Representatives appointed by the Speaker of the House of Representatives; 2 State officials and 2 municipal officials appointed by the President from panels submitted respectively by the Council of State Governments and the American Municipal Association and the International City Managers Association; and 1 county official appointed by the President from a panel submitted by the National Association of County Officials.

The balance of the provisions of this bill are substantially similar to S. 1514 with the following exceptions: The Chairman and the Vice Chairman are elected by the Commission from among its own members; no provision is made for the appointment of a Director; a member of the Commission from the executive branch may receive \$50 per day for each day he is engaged in Commission duties, in addition to his regular compensation, but his total aggregate compensation from the Federal Government cannot exceed \$12,500 per year; the duties of the

Commission are spelled out in greater detail and cover a wider area than that covered in S. 1514; and the Commission would be required to submit its final report and recommendations to the President and the Congress and suggest plans and procedures for carrying them into effect not later than March 31, 1955. It would expire at the end of the fiscal year during which its final report was made (June 30, 1955).

S. 1328, introduced by Senator Humphrey on March 16, 1953, would establish a bipartisan Temporary National Commission on Intergovernmental Relations to make a comprehensive study and survey of National-State-local relationships, allocation of governmental functions and powers among the 3 governmental levels, the distribution of governmental functions and powers exercised by 2 or more governmental authorities, and with the defense mobilization program in mind, to determine what legislation should be proposed to best resolve these relationships on an emergency basis and on a permanent basis. This bill is in close accord with action taken by this committee in the 82d Congress in reporting a committee bill S. 1146 (S. Rept. 544, 82d Cong.), sponsored by 35 Senators, including all members of the Committee on Government Operations.

The Commission would be composed of seven members, appointed by the President, all of whom shall have had experience with or knowledge of the major problems in the field of intergovernmental relations. Many of the provisions of this measure are similar to both S. 1514 and S. 526. However, S. 1328 is more comprehensive in its coverage than S. 1514, and sets forth the duties of the Commission in considerable detail. It differs from S. 1514 in the following additional respects: The Commission would elect a Chairman and a Vice Chairman from among its own members; no provision is made for the appointment of a Director; and the Commission would be required to submit a final report of its activities and the results of its studies to the Congress only, on or before the end of the second fiscal year which commences after the date of its enactment, and would cease to exist upon the submission of such report.

BACKGROUND AND RELATION TO HOOVER COMMISSION RECOMMENDATIONS

The Hoover Commission proposed that the Congress consider the following matters designed to assist it in solving numerous Federal-State-local problems: (a) An appraisal of the functions and activities of government to determine which can be most advantageously operated by the various levels of government, and which require joint policy making, financing, and administration; (b) a general revision of National, State, and local tax systems, making every effort to leave to the localities and the States adequate resources from which to raise revenues to meet the duties and responsibilities of local and State governments; (c) direct budgeting and administration of all grants-in-aid which are given to State governments on the Federal and State levels as are other Federal and States funds; (d) clarification and systemization of grants-in-aid planning and programing; and (e) establishment of a continuing agency on Federal-State relations to make studies and recommendations which would be helpful in the accomplishment of these objectives.

During the 81st Congress, this committee reported favorably to the Senate on June 13, 1949, a bill (S. 1946) drafted by attorneys for the Hoover Commission, after extensive joint hearings had been held on a number of related bills then pending in the Congress. Due to objections on the part of individual Senators, relating primarily to the composition of the proposed commission and the length of time provided for the study, the bill was not approved when called on the calendar. In an effort to perfect the original bill and to expedite action, the committee reconsidered its action and reported a new committee bill (S. 3147), containing appropriate amendments designed to meet objections to the original proposal, but this bill also failed of approval in the Senate.

During the 82d Congress, a new committee bill (S. 1146) was introduced, providing for the creation of a temporary, bipartisan National Commission on Intergovernmental Relations, authorized to make a study and report within a period of 2 years. This bill, which would have required the Congress to make a further determination as to whether or not the Commission should be continued, was passed on the consent calendar but subsequently recalled, placed on the calendar under "Motions for Reconsideration," and no further action resulted.

RECOMMENDATIONS

The following points are developed for committee consideration in taking action on the pending bills:

(1) The President's special message on intergovernmental relations states that "there is need to review and assess, with prudence and foresight, the proper roles of the Federal, State, and local governments. In many cases, especially within the past 20 years, the Federal Government has entered fields which, under our Constitution, are the primary responsibility of States and local governments. This has tended to blur the responsibilities of local government. It has led to duplication and waste."

Although section 1 of S. 1514 declares it to be the purpose of the Congress to make a broad overall study of the proper role of the Federal Government in relation to the States and their political subdivisions with respect to fields which, under our constitutional system, are the primary interest and obligation of the several States and their political subdivisions, section 3 (a) of the bill, which sets forth the duties of the Commission, provides for a much narrower field of inquiry. Thus, the Commission is directed to study "all of the present activities in which Federal aid is extended to State and local governments," and the subsection refers only to studies with respect to various aid problems. No reference is made to the larger picture of defining Federal, State, and local relations and the allocation of functions to their proper jurisdiction, particularly as they relate to duplications of functions and overlapping tax policies, set forth in the President's message as among the primary objectives of the Commission. Accordingly, if the committee desires to take favorable action on S. 1514, it is recommended that section 3 (a) be broadened to authorize the Commission to study all aspects of Federal, State, and local relations, to accord with the overall objectives set forth in section 1 of the bill.

In this connection, it may be noted that both S. 526 and S. 1328 are broader and more specific in their authorization sections and would enable a complete study of all aspects of the problem.

(2) Both S. 526 and S. 1328 provide for a 2-year study, but make no provision for the submission of interim reports. S. 1514 provides for the submission of interim reports, but limits the study to only 1 year, which the committee may wish to extend.

Should the committee act favorably on S. 1514, it is suggested that section 3 (b) be amended to read as follows: "The Commission shall submit interim reports at such time or times as the Commission or the President deem necessary, shall submit a comprehensive report of its activities and the results of its studies on or before May 1, 1955, and shall submit its final report not later than December 31, 1955, at which date the Commission shall cease to exist." Section 6 can then be eliminated.

(3) Closely related to the entire problem of Federal, State, and local relations is the problem of payments by the Federal Government to State and local governments on account of Federal real property and tangible property which have been taken out of taxes. The committee has received a number of inquiries from Senators regarding this problem, as it relates to their respective States and municipalities. There is pending before the committee a bill, S. 788 (Humphrey), which would establish a general policy and procedures with respect to such payments. This bill was drafted by the Bureau of the Budget at the request of the Council of State Governments, and filed in the 82d Congress as a committee bill. The committee may desire to include an amendment specifically authorizing a study of this problem by the proposed Commission, so that the staff set up by the Commission may submit recommendations for legislative action in this important area.

(4) A further question has been raised by representatives of municipalities, particularly the American Municipal Association, relating to problems of local communities and municipalities, which in their opinion, have not been adequately covered in S. 1514. It is understood that recommendations will be submitted to the committee for amendments dealing with this matter. This might be done by including in subsection 3 (a) appropriate language from section 1.

ELI E. NOBLEMAN,
Professional Staff Member.

Approved:
WALTER L. REYNOLDS,
Staff Director.

The CHAIRMAN. Incidentally, are Senator Taft and Senator Ferguson aware of the content of all four of these bills? You are? Very good.

The Chair has received a telegram from former President Herbert Hoover, who headed the Hoover Commission created by the 80th Congress, which I desire to read and have inserted in the record at this point.

It is addressed to United States Senator Joseph R. McCarthy, Washington, D. C.:

MY DEAR SENATOR: I have your telegram requesting my opinion and suggestions upon bill S. 1514, introduced by Senator Robert Taft, and bill S. 106 introduced by Senator Homer Ferguson and Congressman Clarence Brown. Both bills relate to further investigation looking to reorganization for economy and efficiency in the Federal Administration. Both bills are of great importance.

Senator Taft's bill provides for an investigation of Federal and State relations as to taxes and other important subjects.

The Ferguson-Brown bill looks to the reestablishment of such a commission on organization of the executive branch of the Government as that over which I presided from 1947 to 1950, with powers to investigate and recommend policies as well as administrative methods. That former commission was unable to report on policy questions.

A third phase of the reforms in Federal administration before your committee are the several "plans" being laid before the Congress by President Eisenhower. These "plans" are along the lines of the recommendations made by the Commission on Organization of the Executive Branch of the Government which have not been hitherto enacted.

There is, therefore, some overlapping in these bills and "plans" which, it seems to me, should be planed out by the committee.

There are three vitally important areas which have never been adequately investigated and cannot be investigated except by adequate authority from the Congress and in which adequate technical assistance is provided. They badly need exhaustive consideration by commissions in which the Congress and the administration and public members are represented. These areas are:

1. An investigation as to Federal-State relations as provided by Senator Taft's bill (S. 1514).

2. An investigation of the Federal business enterprises in competition with private enterprises; and

3. An investigation of all forms of Federal aid to the aged with recommendations designed to make them more just and effective; to save waste; to simplify their operation, and to avoid administrative duplications with the States.

The Ferguson-Brown bill (S. 106 and H. R. 992) covers the last two areas. * * *

In order to avoid overlap with the President's "plans" and the Taft bill proposals, I suggest that the Ferguson-Brown bill be especially directed to the Federal business enterprises and the aid for the aged. There might be some provision for subjects later indicated by the Congress or the President.

I believe the Taft bill and the Ferguson-Brown bill (this modified) should both be enacted. The Taft commission should be kept separate from the Ferguson-Brown commission as they involve a membership and technology which should not be confused.

(Signed) HERBERT HOOVER.

The committee proposes to open the hearings today by receiving testimony from Senator Homer Ferguson, Senator Robert A. Taft, and Representative Clarence J. Brown of Ohio. There are a number of other witnesses who have asked to testify on these matters, and further hearings may be necessary to afford them an opportunity to be heard, or to submit statements, if they so desire. Also, the committee expects to invite the Director of the Bureau of the Budget to give us the views of the administration on both bills. Should other Senators who have been interested in this subject, or have introduced similar bills, desire

to be heard, the committee will endeavor to accommodate them. And I understand Senator Hendrickson and Senator Humphrey will be here today.

Mr. REYNOLDS. Will you give Senator Taft and Senator Ferguson a copy of the staff memorandums?

Senator Taft, I assume perhaps the best way to proceed is to have you, Senator Ferguson, and Congressman Brown all come up here to the table, if you care to do that.

May I suggest that at any time when either Congressman Brown or Senator Ferguson care to interrupt and discuss any phase of this informally with Senator Taft, we will let that be done.

If the members of the committee care to ask any of the witnesses other than Senator Taft questions during Senator Taft's statement, I am sure that will be acceptable to Senator Taft.

STATEMENTS OF HON. ROBERT A. TAFT, A UNITED STATES SENATOR FROM THE STATE OF OHIO; HON. HOMER FERGUSON, A UNITED STATES SENATOR FROM THE STATE OF MICHIGAN; HON. ROBERT C. HENDRICKSON, A UNITED STATES SENATOR FROM THE STATE OF NEW JERSEY; AND HON. CLARENCE J. BROWN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF OHIO

Senator TAFT. Mr. Chairman and members of the committee: This particular proposal was initiated last December, I think, and discussed with President Eisenhower before his inauguration. I made a draft of the proposal, and submitted it to the White House. As the President, I think, said in his message relating to the matter, we had several meetings with regard to the general purposes of the proposal and its terms, and then he called a meeting at which were present 3 or 4 Cabinet officers and 4 Governors, Governors Kohler of Wisconsin, Driscoll of New Jersey, Shivers of Texas, and Byrnes of South Carolina.

They discussed the proposal and its terms, and it was amended and changed around a good deal to meet some of their objections and other objections, but in general the purpose of it is the same as was originally intended.

I think Governor Driscoll and also the Council of State Governments had proposed a resolution in which the emphasis was much more on fiscal relations. The Governors were concerned that the States get tax money and run as many things for themselves as they could, and that there ought to be a reallocation of sources of tax revenue. Several of these investigations have been made, without great success. They had a particular discussion about the possibility of reassigning the gasoline tax to the States and turning back the complete operation of roads to the States for State operation.

My own emphasis was a good deal more on trying to work out a philosophy in those fields in which the obligation of the State and local governments is the primary obligation.

Ever since I have been in the Congress, I have been personally very much interested in the various social welfare proposals, the proper place of the Federal Government in the housing field, the proper place of the Federal Government in direct relief and contribution to old-age pensions, widows' pensions, aid to the blind, and the like, the contribution of the Federal Government to a certain limited amount

of health plans—and I have opposed the proposals to put the Federal Government much more deeply into health plans—and the various proposals for some Federal assistance in the field of education.

We have had put up to us in Congress continuously since I have been here, all kinds of plans for additional Federal aid, not only in the fields I have mentioned, but in many other fields. Of course, the road field is one where the Federal Government has moved in. That is a little different from the others, because it has a clearer constitutional right to move into interstate commerce, and under the post-road provision of the Constitution. But I suppose there are dozens of bills introduced every year to put the Federal Government into some new activity.

The actual extension of Federal aid has been exceedingly haphazard. There has been no overall program or no overall idea as to why Federal aid is necessary in some places and not others, or whether it is necessary some fields and not others. And the thing that I have been interested in is trying to have a commission to study the whole field of Federal and State relations, with special reference to the question: On what basis is Federal aid justified? What is the philosophy behind Federal aid?

The CHAIRMAN. May I interrupt? Senator Kennedy is going to have to leave shortly, and he has one or two questions he would like to ask.

Senator TAFT. I shall finish, then, very briefly.

The question as to the philosophy of all Federal-aid plans and the determination, whether this is as far as we should go, and maybe in some cases we have gone too far and maybe in some cases we have not gone far enough, the question of control, how far there should be an elimination of Federal control and the control left to the States; that is the general field in which I have been primarily interested.

Of course, this covers two fields. It covers that field, and it covers the field of the assignment of revenues between the States and the Federal Government, so that to some extent the States may be able to do the job themselves if there can be a reassignment of revenues and thereby relieve the Federal Government in some places where it appears today it is necessary for them to give aid.

All right, Senator Kennedy.

Senator KENNEDY. I did not want to interrupt you, but I noticed you did not have a bipartisan division as they did on the Hoover Commission. I imagine that is because this deals with substantive matters, and I suppose you felt it was because there would be the necessity of one of the parties taking the responsibility. The Hoover Commission, I think, had an even number of Republicans and Democrats.

Senator TAFT. I do not think there is anything sacred about our numbers. We have 5 from the House and 5 from the Senate, 3 from the majority and 2 from the minority. We originally provided for 21. This was subsequently increased to 25. The President proposes to put, as I understand it, 4 or 5 governors on, in addition to the Congressmen, and probably a couple of Cabinet officers and some representatives of the cities, mayors, councils, or local government, and some general public members, maybe dealing in the fields of education, health, and welfare, which are the particular fields. I had

no particular thought about it. I left the 15 wide open. The President can appoint Republicans or Democrats. But there certainly is nothing partisan about it particularly.

Senator KENNEDY. Yes. I did not know whether it was because it was really dealing with matters far beyond where the Hoover Commission went, that it was probably desirable to have a majority of one party rather than to have it divided equally, as I believe the Hoover Commission is divided.

Senator TAFT. In a certain way, I suppose there is a party question, because I wanted to develop a philosophy of Federal aid, and that may be contrary to what the Democratic Party has been trying to put over in the last 20 years. I do not know. I think there ought to be a Republican majority represented, in view of the fact that you have a Republican administration and a Republican Congress. In the Hoover Commission, of course, you had a Republican Congress and a Democratic Executive.

The CHAIRMAN. At least, Senator, Taft, you would say there should be a Republican majority for at least 2 years?

Senator TAFT. For at least 2 years. I think most of these commissions have a slight Republican majority with Democratic representation, like the committees of Congress.

Senator KENNEDY. Just one other point, which does not apply, I think, to Senator Taft's bill, but to the bill belonging to Mr. Brown and Senator Ferguson. That deals with the termination date. I always felt one of the difficulties with the Hoover Commission was that the Commission came to an end before many of its recommendations were written into law, and it really ceased to be an effective force, and while a Citizens' Committee for the Hoover Report was set up it was never as influential. I am wondering whether it would not be better to continue longer than February 1, 1954, or perhaps make recommendations in the form of legislation, rather than general recommendations, and then adjourn, and then have a lot of the first enthusiasm dwindle.

Senator TAFT. I have no particular feeling about it. What we have here in S. 1514 is that the Commission shall report on March 1, 1954. I think it is a good thing to tell the Commission they have to do a job in a year, and not have the staff feel they are going to continue indefinitely. There is a provision at the end of the bill that 6 months after the transmittal to the Congress of the final report the Commission shall cease to exist. If Congress wants to continue them for any purpose at that time, I should think we could do so without much difficulty. I think I would prefer to have a definite termination date.

Senator KENNEDY. You do not see any value in having them stay in effect while bills were written which would effectuate the committee's recommendations, in order to have the Commission really accomplish its objective?

Senator TAFT. Well, I think that then you can extend them if you want to. If they submit the report in March 1954, the 6 months will probably carry them through the life of this Congress, and then in the next Congress we could continue them, or the next Congress could recall them, I should think.

I do not like to give the idea to them or to the staff that they are an indefinite investigating committee. I think it is rather bad psychology.

The CHAIRMAN. Senator Taft, would you care to comment upon the differences between your bill and the Humphrey bill and Senator Hendrickson's bill?

Senator TAFT. Senator Hendrickson thinks we might take my bill and add some of the things he has. There is less emphasis in my bill perhaps on the taxes, although I think it is well covered. I do not favor a general broadening of the functions of this Commission. I am anxious to confine them to these fields of Federal aid, which seems to me a broad field, and the philosophy of that field, with all of the health, welfare, education, really lays down a policy, you may say, for the new Department of Health, Welfare, and Education, plus the roads and some other fields. But, broadly speaking, I do not want to go beyond that.

Now, as to a reassignment of State revenues, that comes right in. I see no reason why the Commission could not consider a radical plan of this sort, which I do not think is practical, but I should think they might say, "Well, we are going to assign to every State a certain amount of the income taxes collected, by the Federal Government, on some basis of distribution. And then they can do everything, and the Federal Government will move entirely out of State aid." That would give the States the necessary money.

It seems to me that under the terms of the bill, it is sufficiently broad to let the Commission go into anything in the way of distribution of revenues, the providing of additional revenues. One thing the governors were interested in was a possible plan, as I said, to eliminate all Federal aid for roads but to abandon the Federal 2-cent gasoline tax, so that the States could add such part of that tax to their own taxes in the States as they might wish. Well, I think the study of that plan is clearly covered by his program. Certainly the governors thought so when they approved the draft.

The CHAIRMAN. I wonder if you or Senator Hendrickson, for the record here, would describe the principal difference between the Taft bill and the Hendrickson bill, and if you could also do it at the same time cover the difference between the Taft bill, the Hendrickson bill, and the Humphrey bill?

Senator TAFT. Before we get into this, let me first say a word, because Mr. Brown and Senator Ferguson will testify on their own bills. I see no conflict whatever between this bill and theirs. It seems to me what they are concerned about is a continuation of the Hoover Commission. When the President came into office, before that, he appointed a small committee made up of Mr. Rockefeller, Mr. Milton Eisenhower, and Mr. Flemming, as a reorganization committee, and they have been working in the departments on what you might call emergency plans. They have submitted three plans, and maybe there are a couple more coming. But that committee has never had much of a staff, and it seems to me this is the ideal time to replace it by a permanent congressional commission that can go on and do what the Hoover Commission was doing, can reemphasize or in some cases redraft the Hoover plan, as we did when we set up this Department of Health, Welfare, and Education: a Commission that can go further than the Hoover Commission, because they will have authority to recommend the elimination of certain bureaus entirely, which the Hoover Commission never could do.

They ought to make a comprehensive study of the matter, and certainly I see nothing in that bill which interferes with this.

I think it would be unwise, unnecessary, for them to lap over into this field of the particular State-aid matters that I have covered, but that is a very small portion of the Federal Government, and I am sure the two Commissions will see that their work does not overlap.

The CHAIRMAN. May I ask you and Senator Ferguson and Congressman Brown the same question? I would like to get your comment on President Hoover's suggestion. He says:

In order to avoid overlap with the President's "plans" and the Taft bill proposals, I suggest that the Ferguson-Brown bill be especially directed to the Federal business enterprises and the aid for the aged. There might be some provision for subjects later indicated by the Congress or the President.

Senator TAFT. Well, I will tell you. I see no reason why you should not emphasize with them the Government corporations, but I see no reason why they should be confined to that. You might except from their operations the things expressly dealing directly with Federal aid to the States, those departments dealing with Federal aid to the States, things of that kind, if you want to. As far as Federal aid to the aged is concerned, I would not think that either of these commissions ought to undertake the primary job of deciding whether we should have a new old-age-pension system.

Of course, as far as Federal old-age assistance is concerned, that is directly within the terms of reference of the bill that I introduced, because that is a clear case of Federal aid to the States, to permit the States to deal with cases of need.

When you come to the old-age insurance and the various proposals that have been very actively under consideration by the Finance Committee of the Senate and the Ways and Means Committee of the House for perhaps substituting for the old-age and survivors insurance some overall pension plan on a pay-as-you-go basis, or a combination of the two, I think that ought to remain with the Finance Committee and the Ways and Means Committee, and let them work on that as they have been working on it. That is a very specialized and very complicated problem, and I do not think it has to do particularly with, so to speak, the economizing in the Federal Government. I do not think it has particularly to do with Federal aid to the States.

So I would leave the old-age insurance out of both, and it seems to me that assistance to the old comes clearly under the State-aid Commission.

Representative BROWN. If I might speak on this, Senator, I have the same feeling that Senator Taft has expressed, that the mechanics of the social-security law and pension system should be set up and prescribed by the action of the Ways and Means Committee of the House and the Finance Committee of the Senate, which have had years of experience, of course, with that problem. The thought behind the legislation Senator Ferguson and I have introduced has been more not only to carry on the work of the Hoover Commission on Government organization, there being greater economy and efficiency in the conduct of public business, but to go into certain fields that the Hoover Commission itself could not go into.

In other words, the Hoover Commission was limited to the study of the Government structure, that is, of the executive department, and

as to how we could make it work more efficiently and more economically to do the things that it was doing; and not to pass upon whether or not it should be done at all, or whether some other things should be done, or some other ways should be thought of. And as the Senator has pointed out, we did not have the power to recommend a complete elimination or abolishment of an activity, but only, "Inasmuch as you are doing so and so, here is the best way to do it, the most efficient way."

The thought behind the legislation we have introduced with reference to the Commission—and I think that also pertains to the Taft bill—is that it acts simply as an advisory group or organization to the Congress. The final authority rests with the Congress to act, and of course finally with the President, to approve or to disapprove what the Congress may do. The Hoover Commission simply made recommendations, some three-hundred-odd recommendations, after careful study of the Government organization, as to how greater economy and efficiency could be accomplished. However, we found many fields, many things that we would have liked to make recommendations on, as to change of policy or change of function, that we could not touch at all. And that is the great field where savings can be made.

Now, those who have studied the results of the Hoover Commission—I happened to serve on it. I think you know, if you will forgive the personal reference, that I originated the idea of the Hoover Commission. There have been a lot of others that have come along since. I served as a member of that Commission. But the Commission itself called into its service some 330 or 340 of the outstanding industrial and business and civic leaders of the Nation to help it in its work to make a general study of the whole Government. It is estimated by experts that the lowest estimate of savings that have been obtained as a result of some 55 percent of the Hoover Commission recommendations being put into effect, is about a billion and a half a year. Some of the estimates of savings run as high as two and a half billion. And it is believed that if all of the recommendations are made effective or something similar to those are put into effect, the savings might run as high as four to five billion dollars a year.

Yet in spite of the savings that were made, in spite of the things that we found where we suggested or recommended action that would bring about savings, we found all sorts of situations where, if the policy of the Government had been changed, or if the function of the Government had been changed in some particular, even larger savings could have been made. So it is our thought that a commission such as this would suggest to the Congress that perhaps is the thing you should not be doing at all, or if you do it it should be done under certain restrictions, certain rules, certain regulations.

For instance, I do not want to take too much time, but we found in our study of reclamation and irrigation one irrigation dam, if I recall correctly, where the cost of the dam itself, Senator, ran better than \$3,900 for each and every acre of land to be irrigated. Now, as a policy, I think most of us agree that we want to reclaim and irrigate land where it is to the public benefit, but here is a dam that cost \$3,900 an acre for every acre to be irrigated, just for the dam itself, not counting the cost of the land to be irrigated. That was not economically feasible. That was not a benefit to the people of this country.

And there should be some Government policy saying, for instance, that if this thing cannot pay for itself, if it is not economically feasible, then the Government should not have its money in it except for the national defense.

I believe that there should be some suggestions made, after careful study by a commission of outstanding individuals, as to how we should proceed in matters such as that. And we can name dozens and dozens and dozens of instances just like that, where perhaps a policy should be established as the national policy.

Now, one of the great things this Commission did was to make the American people think about their Government and the organization of their Government. It created a great deal of discussion throughout almost every walk of life in America. If that alone is accomplished, that would be of great benefit in connection with Government policy.

Senator HOEX. Mr. Chairman?

I was interested in what the Congressman said about the savings effected by the recommendations put into effect by the Hoover Commission.

I am very glad to hear you say that. But my information is that those savings have not been anywhere near that large. Last year we looked into the matter. We conferred with the Budget Bureau, and about the only estimate we could get was a saving of some \$30 to \$40 million. I supported the Hoover plans in most instances, and I think the Hoover Commission did a great work. I am not minimizing that at all. But I am interested in the suggestion about all this saving being made.

Representative BROWN. I think that if you will go into the field of procurement alone, you will find that there have been savings of nearly a billion dollars a year in procurement savings.

Senator HOEX. Well, that would be very interesting. I was noticing the different plans, especially the reorganization plans, and the number that we have adopted and approved, and that have been put into effect. But I have not been too much pleased by the amount of savings that seem to have resulted from putting these plans into effect.

I think the suggestion regarding these bills, Senator Taft's bill and yours and Senator Ferguson's, is a fine one, in dealing with these problems in which Federal and State Governments are interested. I think a great deal can be done in that, and the Commission, I think, did a fine service in bringing that to our attention. But I was interested in this suggestion about the large amount of savings. I have noticed that publicized several times, but I have not been able to discover those savings. The information I have been able to get from the Budget Bureau has not sustained these vast savings.

Representative BROWN. I might reply to that, Senator, by saying that I believe in certain fields those savings have been made. However, very much to my discouragement I have learned and found that the Government has been able to spend it faster than we could save it. And yet I can point to fields, and I am sure I can bring them here before you, where some of these consolidations, where some of these new methods, procurement methods, cataloging methods, that we recommended, have brought about great savings. It is true, perhaps, that that same money has been taken and spent somewhere else. That seems to be sort of a habit around here since I have been in Congress, for the last 15 or 20 years.

Senator TAFT. Mr. Chairman, as to the question of Senator Hendrickson's bill, the chief difference is one of emphasis, I think. He emphasizes more the fiscal relations, State and Federal Government taxes. I emphasize more the proper functions of them.

Senator HENDRICKSON. That is entirely correct, Mr. Chairman.

Senator TAFT. There is no reason why they should not be combined, and if there is anything Senator Hendrickson thinks is omitted from mine that he would like to have in, there is nothing sacred about the bill I drafted.

I have one comment. I do not much like the idea of having the President appoint from a panel submitted by some outside body; I never have liked the idea. I would rather leave the President discretion to appoint all 15 and take his general assurance that he is going to appoint governors and local officials and Cabinet officers and others and leave it wide open. I would rather not have that change made, unless there is some special reason for it.

Senator HENDRICKSON. Mr. Chairman, as the distinguished Senator from Ohio knows, probably, that idea is not original with the Senator from New Jersey. It came from the Council of State Governments. They have made a long and thorough study of this whole problem for years, and they felt that by setting up a panel system it would give representation to the cities and municipalities and counties and lower echelons of government. And I think they felt, at the time, and I still feel, that if you give that representation and insure that representation to the lower echelons of government, you will get from the people at large, from the country at large, greater support.

In that connection, I agree with the Senator from Ohio. I think that these bills can well be combined. And I want the committee to understand, and I want the distinguished Senators and the distinguished Congressman here to understand, that I have no pride of authorship. I started this battle in the Legislature of New Jersey back in the thirties, and I have lived with it with the Council of State Governments, and I brought it on down here. My first year in the Senate, I introduced a bill known as S. 810, to which I had a great number of sponsors, including the distinguished chairman. I carried on the fight, through succeeding Congresses, and I have not fully succeeded.

I am here to support the effort of all these distinguished gentlemen in this great objective. I seek the objective rather than the form it takes, and I know that this committee will give great thought to all these proposals and take the best out of all of them and put them in one package.

I was elated when the President of the United States came before the Congress in his state of the Union message and made a recommendation for this type of commission. And when he came in with a special message and his administration proposal which Senator Taft sponsored, again I was elated, and I commend both the distinguished majority leader and the President for taking the initiative in this important field.

I do like the panel system. I won't take issue with the Senator from Ohio. I rather like the panel system. But I am not going to—

Senator TAFT. On that subject, Senator, Mr. Bain and four governors sat in on the drafting of this bill. I think the Council of State Governments was entirely satisfied. I do not think they would raise any question.

Since then, the President, I forgot to mention, had a meeting of the mayors' association, or whatever it is, of the United States. He had all the mayors here, and he had quite a long discussion with them. I was not present at that meeting. So there is no question but that he will see that all of them are properly represented.

Senator HENDRICKSON. Yes. Well, I am quite satisfied, Mr. Chairman, lady, and gentlemen, to leave this entire matter in your hands. I would ask unanimous consent of the committee to incorporate in your records the various speeches that I have made on this subject since I came to the Congress, from 1949 to April 1, 1953.

The CHAIRMAN. Without objection, it will be so ordered.

Senator HENDRICKSON. Thank you.

(The material referred to is as follows:)

[From the Congressional Record, February 7, 1949]

COMMISSION ON INTERGOVERNMENTAL RELATIONS

Mr. HENDRICKSON. Mr. President, on behalf of the Senator from Ohio [Mr. Bricker], the Senator from Maryland [Mr. O'Connor], the Senator from Wisconsin [Mr. Wiley], the Senator from Delaware [Mr. Williams], the Senator from Kansas [Mr. Schoeppel], the Senator from New York [Mr. Ives], the Senator from New Jersey [Mr. Smith], and myself, I introduce for appropriate reference a bill to establish a bipartisan national commission on intergovernmental relations, in which all levels of government are represented, to study problems in Federal, State, and local governments, which make for overlapping services, duplication of effort, and sheer waste in tax dollars.

I ask unanimous consent to make a brief statement with reference thereto.

Mr. LUCAS. Mr. President, I am constrained to object.

The VICE PRESIDENT. Objection is heard. The Senator understands that under the morning business procedure, remarks are not in order except by unanimous consent.

Mr. HENDRICKSON. Mr. President, I ask unanimous consent to have a statement incorporated in the body of the RECORD at this point as a part of my remarks, and also to have the text of the bill printed in the RECORD.

There being no objection, the bill (S. 810) to establish a National Commission on Intergovernmental Relations, introduced by Mr. Hendrickson (for himself, Mr. Wiley, Mr. Bricker, Mr. Williams, Mr. Smith of New Jersey, Mr. Schoeppel, Mr. Ives, and Mr. O'Connor) was read twice by its title, referred to the Committee on Expenditures in the Executive Departments, and ordered to be printed in the RECORD.

The statement by Mr. Hendrickson was ordered to be printed in the Record, as follows:

"STATEMENT BY SENATOR HENDRICKSON

"This bill, Mr. President, represents the views and expresses the considered judgment of many Members of this body who have served in State government. It is the result of their experience at local and State levels of government that it now comes before us for study, consideration, and appropriate action.

"The distinguished junior Senator from Maryland [Mr. O'Connor] has already introduced a resolution to the same effect and purpose. The distinguished junior Senator from Ohio [Mr. Bricker] has introduced similar legislation. The distinguished Congressman at Large from Delaware, Mr. Caleb Boggs, is introducing a counterpart of this measure in the House today. The able Governor of my own State, Alfred E. Driscoll, keynoted the proposal at the biannual convention of the Council of State Governments in January 1947. The activities and the deep interest shown by the members and the experts of the Council of State Governments in this matter over the past years demonstrates clearly that there is a definite need for the study established by this bill.

"In presenting a very able report on the coordination of Federal and State taxes to a Senate committee last April, our very distinguished colleague, the junior Senator from Ohio [Senator Bricker] said: 'The committee was fully aware that these recommendations do not in any sense offer a comprehensive solution of the present problems of intergovernmental fiscal relations.'

"This bill, Mr. President, as I have indicated, provides for the establishment of a bipartisan, or better still, a nonpartisan, Commission on Intergovernmental Relations which will examine all aspects and phases of National, State, and local government with special attention to the serious fiscal problems which threaten to overwhelm us today. It is true that there have been many studies in this general field in the past—but none of them have had the full participation of our National Government.

"Under this bill, the commission will represent all of the parties at interest, both public and private, Federal, State, and local; legislative and executive, and where necessary, judicial. It will be given the opportunity and the responsibility to report its findings to the people of the Nation.

"It is not intended that this group shall lend itself to any criticism of the basic structure of government levels as we know them or to their general purposes, but it is our intention that we improve the services of government at each level and at the same time stretch the value of the tax dollar in respect to the rendition of those services.

"When he introduced the bill to establish the Commission on Reorganization of the Executive Branch of the Government, the distinguished Senator from Massachusetts said:

"This is not a job which Congress alone, working through congressional committees and using its own staffs, can do. We in Congress have not the time. There is no use deluding ourselves about that. We have not the time to do the job that needs to be done. We would have to leave it to our staffs; and our staffs would not have the standing which the members of this Commission would have in relation to the departments. All sorts of expert knowledge would be required, including the services of industrial engineers and management experts. It would take time and money.'

"I most heartily agree that such an undertaking requires full-time work from many experts of proven ability in the several fields we propose to study.

"Since this bill envisages a full-scale investigation on all levels of government, it is necessary to include the representatives of local and State governments, Members of Congress, administrative officials, and men and women from private life.

"The purposes as stated in the bill itself open exciting vistas for tremendous progress in efficient and effective government. To me they spell new opportunities to employ sound and scientific business methods in public operations.

"The entire world watches us day by day as we conduct our public affairs. To friends and foes we are the outstanding example of the democratic processes of government. If we are to prosper and be worthy of the hopes of those who trust and rely upon us, we must be eternally vigilant that our system does not become fatally enmeshed in coils of its own construction.

"The time is ripe for such an undertaking as this—indeed our present situation demands positive and definite action."

[From the Congressional Record, April 26, 1950]

RELATIONSHIP BETWEEN FEDERAL AND STATE TAX SYSTEMS—JOINT RESOLUTION OF NEW JERSEY LEGISLATURE

Mr. HENDRICKSON. Mr. President, I send to the desk for appropriate reference, Joint Resolution No. 3—Public Law 1950—of the State of New Jersey memorializing the Congress of the United States to carry out recommendations concerning the relationship between Federal and State tax systems made by the Commission on Organization of the Executive Branch of Government and ask unanimous consent that the text thereof be printed in full in the body of the Record at this point in my remarks.

There being no objection, the resolution was referred to the Committee on Expenditures in the Executive Departments, and, under the rule, ordered to be printed in the Record, as follows:

"JOINT RESOLUTION 3

"Joint resolution memorializing the Congress of the United States to carry out recommendations, concerning the relationship between Federal and State tax systems, made by the Commission on Organization of the Executive Branch of the Government

"Whereas the Commission on Organization of the Executive Branch of the Government, popularly known by the name of its distinguished chairman as the Hoover Commission, recommended that our tax system—National, State, and local—be generally revised and that, in this revision, every possible effort be made to leave to the localities and the States adequate resources from which to raise revenue to meet the duties and responsibilities of local and State governments; and

"Whereas the Commission further recommended that the grant-in-aid plan and program be clarified and systematized; and

"Whereas the Commission proposed, in order to carry out these recommendations, the establishment of a continuing agency on Federal-State relations: Therefore be it

"Resolved by the Senate and General Assembly of the State of New Jersey:

"1. The Congress of the United States is hereby memorialized to promptly adopt and carry out the recommendations concerning the relationship between Federal and State tax systems of the Hoover Commission on Organization of the Executive Branch of the Government.

"2. The Secretary of State is hereby directed forthwith to transmit a copy of this joint resolution, properly authenticated, to the President of the United States, to the respective presiding officers of the United States Senate and the House of Representatives, and to all of the Senators and Representatives from New Jersey in the Congress.

"3. This joint resolution shall take effect immediately.

"Approved April 13, 1950."

MR. HENDRICKSON. Mr. President, I also ask unanimous consent that a statement made by me on February 7, 1949, in respect to proposed legislation which I personally introduced at that time and which had precisely the same objectives as those sought to be attained in the resolution I have just presented, be incorporated in the body of the Record at this point in my remarks.

There being no objection, the statement was ordered to be printed in the Record, as follows:

"REMARKS BY SENATOR HENDRICKSON

"Mr. President, on behalf of the Senator from Ohio [Mr. Bricker], the Senator from Maryland [Mr. O'Connor], the Senator from Wisconsin [Mr. Wiley], the Senator from Delaware [Mr. Williams], the Senator from Kansas [Mr. Schoepfel], my colleague from New Jersey [Mr. Smith], and myself, I desire to introduce for appropriate reference a bill to establish a bipartisan National Commission on Intergovernmental Relations in which all levels of Government are represented to study those problems in our Federal, State, and local governments which make for overlapping services, duplications of effort and sheer waste in tax dollars, and I ask unanimous consent to make a brief statement in reference thereto.

"This bill, Mr. President, represents the views and expresses the considered judgment of many Members of this body who have served in State government. It is the result of their experience at local and State levels of government that it now comes before us for study, consideration, and appropriate action.

"The distinguished junior Senator from Maryland [Mr. O'Connor] has already introduced a resolution to the same effect and purpose. The distinguished junior Senator from Ohio [Mr. Bricker] has introduced similar legislation. The distinguished Congressman-at-large from Delaware, Mr. Caleb Boggs, is introducing a counterpart of this measure in the House today. The able Governor of my own State, Alfred E. Driscoll, keynoted the proposal at the Biannual Convention of the Council of State Governments in January 1947. The activities and the deep interest shown by the members and the experts of the Council of State Governments in this matter over the past years demonstrated clearly that there is a definite need for the study established by this bill.

"In presenting a very able report on the coordination of Federal and State taxes to a Senate committee last April, our very distinguished colleague the

junior Senator from Ohio, Senator Bricker, said: "The committee was fully aware that these recommendations do not in any sense offer a comprehensive solution of the present problems of intergovernmental fiscal relations."

"This bill, Mr. President, as I have indicated, provides for the establishment of a bipartisan, or better still, a nonpartisan, Commission on Intergovernmental Relations which will examine all aspects and phases of National, State, and local government with special attention to the serious fiscal problems which threaten to overwhelm us today. It is true that there have been many studies in this general field in the past, but none of them have had the full participation of our National Government.

"Under this bill, the Commission will represent all of the parties at interest, both public and private, Federal, State, and local; legislative and executive; and, where necessary, judicial. It will be given the opportunity and the responsibility to report its findings to the people of the Nation.

"It is not intended that this group shall lend itself to any criticism of the basic structure of government levels as we know them or to their general purposes, but it is our intention that we improve the services of government at each level and at the same time, stretch the value of the tax dollar in respect to the rendition of those services.

"When he introduced the bill to establish the Commission on Reorganization of the Executive Branch of the Government, the distinguished Senator from Massachusetts said:

"This is not a job which Congress alone, working through congressional committees and using its own staffs, can do. We in Congress have not the time. There is no use deluding ourselves about that. We have not the time to do the job that needs to be done. We would have to leave it to our staffs; and our staffs would not have the standing which the members of this commission would have in relation to the departments. * * * All sorts of expert knowledge would be required, including the services of industrial engineers and management experts. It would take time and money."

"I most heartily agree that such an undertaking requires full-time work from many experts of proven ability in the several fields we propose to study.

"Since this bill envisages a full-scale investigation on all levels of government, it is necessary to include representatives of local and State governments, Members of Congress, administrative officials, and men and women from private life.

"The purposes as stated in the bill itself open exciting vistas for tremendous progress in efficient and effective government. To me they spell new opportunities to employ sound and scientific business methods in public operations.

"The entire world watches us day by day as we conduct our public affairs. To friends and foes we are the outstanding example of the democratic processes of government. If we are to prosper and be worthy of the hopes of those who trust and rely upon us, we must be eternally vigilant that our system does not become fatally enmeshed in coils of its own construction.

"The time is ripe for such an undertaking as this—indeed, our present situation demands positive and definite action."

[From the Congressional Record, January 11, 1951]

BIPARTISAN NATIONAL COMMISSION ON INTERGOVERNMENTAL RELATIONS

Mr. HENDRICKSON. Mr. President, on behalf of the Senator from Maryland [Mr. O'Connor], the Senator from Maine [Mrs. Smith], the Senator from Kansas [Mr. Schoeppel], the Senator from Delaware [Mr. Williams], the Senator from Wyoming [Mr. Hunt], the Senator from Iowa [Mr. Hickenlooper], the Senator from Maine [Mr. Brewster], the Senator from Massachusetts [Mr. Saltonstall], the Senator from Vermont [Mr. Aiken], the Senator from Kansas [Mr. Carlson], the Senator from New Hampshire [Mr. Tobey], the Senator from New Hampshire [Mr. Bridges], the Senator from Wisconsin [Mr. McCarthy], my colleague from New Jersey [Mr. Smith], the Senator from New York [Mr. Ives], and myself, I introduce for appropriate reference a bill to establish a bipartisan National Commission on Intergovernmental Relations in which all levels of government are represented to study those problems in our Federal, State, and local governments which make for overlapping services, duplication of effort, and sheer waste in tax dollars, and I ask unanimous consent to make a brief statement in reference thereto.

The VICE PRESIDENT. The bill will be received and appropriately referred, and, without objection, the Senator from New Jersey may proceed.

The bill (S. 437) to establish a National Commission on Intergovernmental Relations, introduced by Mr. Hendrickson (for himself, Mr. O'Connor, Mrs. Smith of Maine, Mr. Schoeppel, Mr. Williams, Mr. Hunt, Mr. Hickenlooper, Mr. Brewster, Mr. Saltonstall, Mr. Carlson, Mr. Aiken, Mr. Tobey, Mr. Bridges, Mr. McCarthy, Mr. Smith of New Jersey, and Mr. Ives) was read twice by its title, and referred to the Committee on Expenditures in the Executive Departments.

Mr. HENDRICKSON. This bill represents the views and expresses the considered judgment of many Members of this body who have served in State government. It is a result of their experience at local and State levels of government that it now comes before us for study, consideration, and appropriate action.

The activities and the deep interest shown by the members and the experts of the Council of State Governments in this matter over the past years clearly demonstrates that there is a definite need for the study established by this bill.

This bill, Mr. President, as I have indicated, provides for the establishment of a bipartisan or, better still, a nonpartisan Commission on Intergovernmental Relations which will examine all aspects and phases of national, State, and local government with special attention to the serious fiscal problems which threaten to overwhelm us today. While it may be true that there have been many studies in this general field in the past, none of them have had the full participation of our National Government.

Under this bill, the Commission will represent all of the parties in interest, both public and private, Federal, State, and local, legislative and executive, and where necessary, judicial. It will be given the opportunity and the responsibility to report its findings to the people of the Nation.

It is not intended that this group shall lend itself to any criticism of the basic structure of government levels as we know them, or to their general purposes, but it is our intention that we improve the services of government at each level and at the same time, stretch the value of the tax dollar in respect to the rendition of those services.

When the distinguished junior Senator from Massachusetts introduced the bill to establish the Commission on Reorganization of the Executive Branch of the Government, he said:

"This is not a job which Congress alone, working through congressional committees and using its own staffs, can do. We in Congress have not the time. There is no use deluding ourselves about that. We have not the time to do the job that needs to be done. We would have to leave it to our staffs; and our staffs would not have the standing which the members of this Commission would have in relation to the departments. * * * All sorts of expert knowledge would be required, including the services of industrial engineers and management experts. It would take time and money."

I most heartily agree that such an undertaking requires full-time work from many experts of proven ability in the several fields we propose to study.

Since this bill envisages a full-scale investigation on all levels of government, it is necessary to include representatives of local and State governments, Members of Congress, administrative officials, and men and women from private life.

The purposes as stated in the bill itself open exciting vistas for tremendous progress in efficient and effective government. To me, they spell new opportunities to employ sound economic and scientific business methods in public operations.

The entire world watches us day by day as we conduct our public affairs. To friends and foes alike, we are the outstanding example of the democratic processes of government. If we are to prosper and be worthy of the hopes of those who trust and rely upon us, we must be eternally vigilant that our system does not become fatally enmeshed in coils of its own construction.

The time is long overdue for an undertaking such as this—indeed, our present situation demands positive and definite action.

[From the Congressional Record, July 12, 1951]

TEMPORARY NATIONAL COMMISSION ON INTERGOVERNMENTAL RELATIONS—REPORT OF A COMMITTEE

Mr. O'CONNOR. Mr. President, from the Committee on Expenditures in the Executive Departments, it is a source of particular gratification to me to report favorably, with amendments, the bill (S. 1146) to establish a temporary National Commission on Intergovernmental Relations, and I submit a report (No. 544)

thereon. I ask unanimous consent that I may be permitted to address the Senate for 3 minutes in connection with the bill and the report.

The VICE PRESIDENT. The report will be received, and the bill will be placed on the calendar; and, without objection, the Senator from Maryland may proceed.

Mr. O'CONNOR. Mr. President, this bill proposes to set up a temporary bipartisan Commission on Intergovernmental Relations. With a single exception, it is directly in line with the recommendations in the closing volume of the reports 2 years ago by the Hoover Commission, i. e., the Commission on Reorganization of the Executive Branch of the Government.

The single exception is that the Hoover Commission urged a permanent agency to study the various and complex problems of intergovernmental relations, instead of the temporary body proposed in S. 1146. In theory we can agree with the idea of a permanent Commission. But there are valid reasons for the temporary approach which the bill proposes. And, while the Commission is made temporary at this time, the way is cleared for permanent status if the Congress later decides that this is advisable.

Much discussion has been held in recent years as to the benefits to be achieved through integration of the activities of Government at various levels. Preliminary studies made during the Eighty-first session of the Congress pointed up clearly the opportunity, and the real need, for cooperative action in the field of Government to avoid overlapping and duplication of activities and to eliminate thereby much of the waste and excess governmental costs resulting therefrom.

It is highly necessary, however, that the discussions in this field be brought down from the clouds of generalities and translated into definite programs of constitutional amendments, or statutory changes or administrative modifications at the three levels of government—Federal, State, and local.

Furthermore, it will be necessary to progress beyond the present tug of war between the attitudes of the various groups in the interest of a proper solution and the development of a specification program. Various legislative proposals have been advanced toward the solution of these intergovernmental problems but conflicting interests, some of them generated by fears that proposed establishment of such a Commission was aimed at some current Federal-State cooperative programs have made real progress impossible.

It is my belief that S. 1146, as amended, will afford a starting point in this intergovernmental study through which conflicting views can be resolved. I speak on the basis of many years of interested work on the problem, first as an interested citizen, then as Governor of my State of Maryland, and in recent years at the Federal level as a Senator. Several years ago I served as chairman of the Governors' Conference and attended the hearings of many interested persons and groups at different parts of the country trying to put together a solution for this problem.

I need hardly emphasize to the Senate, with its distinguished complement of governors and mayors of cities, the existing difficult intergovernmental problem of tax immunities and of competition for the limited sources of revenue which are available to all the levels of government to pay for the services being rendered the people of this country. Then there are many functions of government where Federal grants-in-aid support highway construction, hospitals, research, and social-security programs to mention only a few items. These are just a few scattered aspects of the general problem of intergovernmental relations.

We need the kind of agency which the Hoover Commission has urged upon us to assemble the overall facts and to suggest policies and programs which will help us guide the many changing and developing aspects of intergovernmental relations.

In asking for favorable action on S. 1146 in the Congress, I am happy to announce that 34 of the cosponsors who have introduced three other Senate proposals at this session—S. 437, by the Senator from New Jersey [Mr. Hendrickson]; S. 487, by the Senator from Ohio [Mr. Bricker]; and S. 836, by the Senator from Minnesota [Mr. Humphrey]—have rallied as cosponsors behind the Hoover Commission bill which I have the privilege of reporting today.

Briefly, S. 1146 calls for a temporary bipartisan commission of 12 members, of which one group of 4 is to be designated by the President of the United States, another group of 4 by the President of the Senate, and 4 by the Speaker of the House. Of each group of 4, two are to be from the official branch represented by the appointing officers and two are to be from private life. The bill provides that not more than two of each four may be from one major political party.

A committee amendment added to S. 1146 also provides an agreement on the important question of not having too big and cumbersome a commission to pro-

duce results, and yet somehow weaving in the contributions of many different groups interested in and affected by the intergovernmental problems of present-day government. The amendment specifies that the Commission shall consult, either directly or in advisory committees which it may set up, with representatives of labor, industry, commerce, State, and local governments, taxpayers, and any other interested organizations.

Let me emphasize again that the way is cleared for permanent status if the Congress eventually so decides. The method of bringing this about calls for the Commission not only to issue such interim reports as it sees fit but to bring out by the end of next calendar year 1952 a comprehensive general report on its activities and findings. This report will be the primary basis for decision by the newly elected Congress which will convene at the beginning of calendar 1953 as to whether the Commission is to be continued. If the Congress so decides before the expiration date of the Commission on March 31, 1953, as fixed in S. 1146, the Commission can be continued without interruption of membership or staff. Otherwise, the Commission will pass out of the picture, though I am sure the problem will be forced back in again in some form in the not very distant future.

Mr. President, I hope very much that in view of the overwhelming support for legislation of this sort the bill will not be subjected to the objections that have held up progress in the past. I would ask of any Senators who may have in mind objecting that I be given an opportunity to study in advance the basis of the objection in an effort to work out a solution.

There are 34 Senators who desire to be listed as cosponsors of the bill, and I ask unanimous consent that the bill I have reported carry the names of the 34 Senators, whose names are: Mr. McCarthy, Mr. Aiken, Mr. Taft, Mr. Ferguson, Mr. Byrd, Mr. Smith of New Jersey, Mr. Lodge, Mr. Ives, Mr. Thye, Mr. Ke-fauver, Mr. Douglas, Mr. Lehman, Mr. Benton, Mr. Duff, Mr. Saltonstall, Mr. Dirksen, Mr. Hendrickson, Mr. McClellan, Mr. Hoey, Mr. Humphrey, Mr. Monroney, Mr. Underwood, Mr. Moody, Mr. Mundt, Mrs. Smith of Maine, Mr. Schoeppel, Mr. Dworshak, Mr. Nixon, Mr. Bridges, Mr. Tobey, Mr. Hickenlooper, Mr. Williams, Mr. Hunt, and Mr. Carlson.

The VICE PRESIDENT. Is there objection to the request of the Senator from Maryland? The Chair hears none, and it is so ordered.

Mr. HENDRICKSON subsequently said: Mr. President, earlier today the distinguished senior Senator from Maryland [Mr. O'Connor] reported from the Committee on Expenditures in the Executive Departments a bill to establish a temporary National Commission on Intergovernmental Relations. That bill, Senate bill 1146, is not a new proposal to the Senate, as the committee report will disclose. The bill should receive both early and favorable consideration at the hands of this body.

I shall not detain the Senate at this late hour by discussing the details of the bill or by going into detail in regard to its most noteworthy objectives. However, as the author of one of its counterparts and as a sponsor in chief of the bill itself, I wish the Record to show that I commend the distinguished senior Senator from Maryland for his able and sincere labors on this measure.

It is indeed gratifying to me to see one of my own efforts take on all the appearances of fulfillment and realization.

Since the time when I entered upon my duties as a Member of this body, I have endeavored to secure the enactment into law of the basic principles embodied in Senate bill 1146. Indeed, my own bill, Senate bill 810, of the Eighty-first Congress, and Senate bill 437, of this Congress, vary little from the version reported today by the able Senator from Maryland.

Mr. President, I deem it a distinct honor to be associated as a cosponsor in this very worthwhile effort.

I shall have more to say about the bill when it is reached during the call of the calendar. Meanwhile, I hope that every Member of the Senate will prepare himself to support this measure enthusiastically, as a result of a thorough study of its objectives.

[From the Congressional Record, July 23, 1951]

Mr. HENDRICKSON. Mr. President, I ask unanimous consent that a statement which I have prepared dealing with the bill (S.1146) be printed in the Record at this point as a part of my remarks.

There being no objection, the statement was ordered to be printed in the Record, as follows:

“STATEMENT BY SENATOR HENDRICKSON

“A few days ago when the senior Senator from Maryland reported this bill out of committee, I stated my intention to speak more at length upon the measure when it was reached during the call of the calendar.

“As I arise today to avail myself of that privilege, I want to say first of all that the subject of intergovernmental relations in this country is one in which I have long had a personal and vital interest. It was my privilege to represent my home State of New Jersey for 14 years as a member of the interstate commission on the Delaware River Basin, popularly known as INCODEL.

“It was as a member of this commission that I first became deeply conscious of the value of interstate cooperation.

“Later I became a member of the board of managers of the Council of State Governments and here again I saw at close hand the importance of intergovernmental relations at between our 48 States.

“Indeed, it was as the chairman of the board of managers of the Council of State Governments that I first fully realized the vast importance of well coordinated intergovernmental relations at all levels of government.

“When I became a Member of this distinguished body approximately 21½ years ago, I early sponsored a bill S. 810, Eighty-first Congress for the creation of a commission similar to the one which S. 1146 of this session seeks to establish.

“I refer, of course, to the bill now before us.

“I firmly believe that this problem of interlevel and interjurisdictional relations is one of the most important of all the problems facing the American people today and nothing would give me greater satisfaction than to know that I had personally been able to make some small contribution toward the more effective handling of the complex and difficult situations which almost daily now develop in the general field of intergovernmental relations.

“The subject of Federal-State relations has been one of major concern since the days of the founding of the Republic. Even before the present Government was established, there were controversies under the Articles of Confederation, and during the Constitutional Convention of 1787, relating to the proper allocation of governmental authority as between the Federal Government and the States. Throughout the life of the present Government, these questions have constantly been before our people; sometimes to be sure, they have been more actively discussed than at others, but they have always been present. And I suspect that, as long as our society continues to possess the dynamic qualities that have always characterized it in the past, they always will continue to be present.

“There are many reasons why this subject is of supreme importance at the present time.

“The whole character of our Federal system has been changing before our very eyes, yet without our fully realizing it.

“The Constitution provides a general pattern for these relationships—a pattern which describes the form of government that we formerly had and that the people assume we still have.

“Actually the character of American federalism in the middle of the twentieth century is something vastly different from what it was at the turn of the century, or from what it was even 25 years ago.

“Among the changes that have been—and still are—taking place, I would mention first the pronounced tendency for governmental activities and services to be transferred up the line, to successively larger units for administration.

“In this growing dependence on larger units of government, functions have been transferred from the smaller rural units to the counties, from the counties and cities to the States, and from the States to the Federal Government.

“Now, as we contemplate the development and strengthening of institutions of world government, it appears not unlikely that some few limited powers which have long been regarded as the attributes of a sovereign state may have to be transferred to a world government.

“This constant shift of power and responsibility from smaller units to larger ones has been due, not alone to the grasping tendencies and empire-building propensities of bureaucrats, but to the simple fact that the development of improved methods of transportation, communication, and machine design has made it absolutely necessary for government to function in larger units if it was to function effectively, or in some cases, if it was to function at all.

"Restricted territorial areas, once necessary, simply do not fit into the pattern of the modern age of technical and scientific development.

"Not only have governmental units for administrative purposes tended to become larger, but the fiscal relationships between the units have changed.

"Time was—and not so long ago—when each individual tax source was assigned or designated for the use of particular governmental units. Now, all units from the largest to the smallest, in grab-bag fashion, attempt to collect about all the revenue they can from all available sources.

"The situation is well-nigh chaotic. The larger units, by virtue of their greater size, having a broader taxing base than the smaller, thus tend to monopolize all of the more productive sources of revenue, leaving few, indeed, available for the smaller units. These smaller units are thus encouraged to go, hat in hand, begging grants-in-aid, the cities from the States, and the States from the Federal Government.

"This grant-in-aid problem is a particularly important aspect of the whole intergovernmental relations picture.

"Distributions of public lands, and to a lesser degree of public funds, had been made by the Federal Government to the States from time to time over the years.

"The grants were made to aid the States in particular programs, often experimental.

"The system did not get into full operation until after 1914, following the adoption of the income-tax amendment; it was not until the period of the depression and the years since that it began to operate in high gear.

"Total Federal expenditures for this purpose have grown from a few hundred thousand dollars to a total of well over \$2,000,000,000 a year, which is a sizable amount even in a total budget so large as that under which the Federal Government is now operating.

"Grants are no longer regarded as a means of assistance in the support of experimental undertakings, but as a regular source of financial support for necessary and well-established governmental functions.

"Our Federal system has changed in still another way.

"Until fairly recently, each level of government had certain duties and responsibilities clearly and definitely assigned to it.

"The local units carried on police functions. The States built roads.

"The Federal Government was responsible for the national security. Things are longer so simple.

"It has now come to be true that no single unit or level of government is any longer completely responsible for any one important governmental function.

"In the new system of cooperative federalism, the Federal Government and the States and the local units are jointly and collectively responsible for police work, road building, agriculture, military and civil defense, and many, many more activities.

"Meanwhile, institutions of local government are being transformed. Some of the smaller local units which no longer have any functions to perform or any reason for continued existence, are drying up.

"School districts are being consolidated one with another, in substantial numbers.

"More and more so-called authorities are being created to carry on activities of a business nature.

"Special districts, larger than the previously existing local units, are being established all over the country for a variety of purposes such as flood control, soil conservation, mosquito abatement, health and sanitation, and many more.

"As old units atrophy and fall into disuse, new and different ones arise to take their place.

"Truly it may be said that local government in this country is in a state of transition.

"I thus refer to some of the major changes in this field by way of emphasizing the need for exactly the type of study that such a commission as this bill proposes would provide.

"I do not say that these changes are good or that they are bad, for I do not know. I do not believe that anyone knows. That is why we need the commission to find out.

"What we do know is that the changes in the previously existing structure have been many and of far-reaching significance.

"We know that they have been made on a more or less haphazard basis, without any plan or any consideration of their overall effect.

"We have neither any understanding of how we got into the mess that we are in, nor any idea of what course we should attempt to follow in the future.

"We do know that these tremendous changes have all taken place within the existing constitutional structure, without any formal or visible change in the character of that structure.

"They have been made almost unbeknown to the average citizen, who still labors under the delusion that the brand of geographical federalism established by the Constitution still exists.

"Actually, it has been very largely supplanted by the new cooperative federalism based upon a functional integration of the efforts of all three levels of government in many different areas.

"I believe that this survey is vitally necessary at this time.

"We need to have a careful analysis of how we got where we are, and on the basis of the facts so revealed, to chart our course for the future.

"It may be said that this would be just another survey, with just another report to be filed away and forgotten.

"With that point of view, I beg to differ.

"We have never had a thorough and comprehensive survey of this whole problems; that is one reason why I think it is so important that we have this one now.

"To be sure, there have been numerous studies of the administration of particular functions in particular States or regions, but these studies have all been made on a piecemeal basis, geographically or functionally or both.

"The report of the Hoover Commission has been neither ignored, neglected, nor forgotten. What I propose is that we apply the technique used so successfully in the field of executive reorganization to this whole vast and equally important field of intergovernmental relations.

"In place of the piecemeal approach I propose that a distinguished national Commission whose members would be nonpartisan in their point of view and representative of the various governmental and group interests involved be authorized and directed to study the whole problem, and to make recommendations with regard thereto. I would give them sufficient time to do a thorough job, for the task is one of monumental proportions.

"I would give them sufficient funds to make possible the employment of a high-grade professional staff, without whose assistance the job cannot be done at all. Out of the work of such a Commission, I would hope that we might realize at least three specific benefits.

"In the first place, I would expect a kind of blueprint or plan for the development of our intergovernmental relations in the future—Federal-State, inter-state, State-local, and Federal-local.

"It seems plain to me that we can ill afford to continue blundering along as we have been doing, and that we cannot expect to follow a plan unless we have a plan to follow.

"In developing such a plan I assume that the Commission would consider carefully the relation of existing constitutional requirements to the needs of the present day.

"In the second place, I assume that once the facts are ascertained and the plan developed, some suitable provision would be made for carrying it out.

"The Hoover Commission recommended that the Commission provided for in this bill be set up on a permanent basis.

"I have never believed, and I do not believe now, that this would be wise.

"As the senior Senator from Maryland pointed out when he presented the report of the committee, there is nothing to prevent making this Commission permanent if that should prove to be desirable.

"I believe the committee did the right thing in leaving this matter open for future determination.

"I am not sure just what form the permanent agency should take or where in the Government it should be located.

"I have some ideas on the subject, but I shall not attempt to develop them at this time.

"This is a matter which can best be decided after the study Commission has ascertained the facts and presented its recommendations.

"A third benefit which I hope may flow from the work of this Commission would be the establishment at some suitable location here in Washington of a central clearing house for information relating to all matters in the field of State and local government, law, and administration and intergovernmental relations.

"Such a development is, in my opinion, absolutely essential if we are to conduct the affairs of our Federal system of government in an orderly way. This task of putting our Federal system in order and of keeping it so must be regarded as a continuing responsibility. Important as the work of the study commission is, that alone will not keep the problem solved.

"There must be a permanent agency to carry the work forward on a continuing basis, but such an agency must have adequate and up-to-date current information. Government cannot function effectively in any quarter without such information.

"At the present time, there is no central agency dealing with the problems of State and local government and intergovernmental relations. Fiscal data and data on the number and character of the units of local government is maintained in one department. This department also used to collect election statistics but this activity was suspended on grounds of 'economy.' Some information on State legislation is maintained in another agency, the scope of this service also having been curtailed on grounds of 'economy.' Scattered all over Washington, in one executive department and agency after another, there are little offices trying to keep track of State legislation on agriculture, social security, power problems, labor laws, health laws, and a dozen other things. How much better off everyone would be if this job could be done completely and thoroughly in one central place, servicing all departments and agencies of the Federal Government, the State and local governments, as well as private organizations desiring this type of information.

"I hope that some such development may grow out of the work of the study commission on intergovernmental relations. We must remember at all times that in a Federal system of government like our own, the central government has a definite duty and responsibility for maintaining certain services such as this, services which are of benefit to all, but which the State and local units are not in a position to support and maintain individually. Even if they were, there would be no justification for asking 48 States to duplicate services which could be done better and cheaper in one central place.

"In concluding my remarks on this important subject, there are two points which I would like to emphasize.

"In the first place, the subject matter of this bill is not a party matter, it is an American matter, which relates in a very vital way to the form and structure of our governmental system. On the basic character of this system as established by the Constitution, all Americans are pretty well agreed.

"The purpose of this study commission is to help us to preserve, under new and different conditions, the fundamental characteristics of the Federal system provided for by the Constitution.

"I call attention of the Members of this body to the fact that the list of sponsors of this bill includes 34 Senators, drawn more or less evenly from the two major parties.

"Of this number, 14, I believe, have served as governors of their respective States, and 1 has been mayor for 4 years of one of the Nation's great cities. All have had extensive experience in public affairs.

"The bill has the endorsement of the appropriate committee and subcommittee of this body. On the basis of this extensive bipartisan support, I urge each and every one of my colleagues to give this bill their personal endorsement by voting for it.

"The main question raised by the bill is very simple and very clear. It is simply this: What kind of government do we want in these United States?—a highly centralized system in which all power and authority is concentrated in the Nation's Capital, or the Federal system with which we started which seeks to leave as many major responsibilities in the hands of the State and local governments as they are capable of discharging economically and efficiently?

"A vote for this bill is a vote for doing what can be done at this time and under the circumstances toward the following of the latter course."

[From the Congressional Record, January 16, 1953]

NATIONAL COMMISSION ON INTERGOVERNMENTAL RELATIONS

Mr. HENDRICKSON. Mr. President, on behalf of myself, the senior Senator from Maine [Mrs. Smith], my colleague the senior Senator from New Jersey [Mr. Smith], the senior Senator from Kansas [Mr. Schoeppel], the Senator from Delaware [Mr. Williams], the Senator from Wyoming [Mr. Hunt], the Senator

from Iowa [Mr. Hickenlooper], the junior Senator from Kansas [Mr. Carlson], the Senator from New Hampshire [Mr. Tobey], the Senator from New York [Mr. Ives], and the Senator from Massachusetts [Mr. Saltonstall], I am introducing a bill providing for the establishment of a temporary National Commission on Intergovernmental Relations.

Neither my interest in this subject nor the bill itself is new.

As a matter of fact, I have been seriously concerned with the subject for a good many years.

My experience during a long period of service in the New Jersey State Senate as a member of the New Jersey State Commission on Interstate Cooperation—established in 1935, the first such commission in the United States—and as a member of the Interstate Commission on the Delaware River Basin, all served to impress upon me the importance of these questions of interlevel and inter-jurisdictional relationships in American Government.

I hope my colleagues will bear with me while I relate another bit of personal history, which I present not because I want to try to impress anyone with my great wisdom and foresight but because the facts are relevant to my subject.

This experience at the State level prompted me to introduce a similar bill in the Eighty-first Congress on February 8, 1949, less than 1 month after I took my oath of office as a Member of this body.

The bill which I then introduced, S. 810, was sponsored jointly by seven other Senators and myself, and on the House side by the Honorable Caleb Boggs, now the distinguished Governor of the State of Delaware.

The Senate and House Subcommittees on Intergovernmental Relations held joint hearings on this bill, at which time a considerable number of distinguished public officials—Federal, State, and local—testified for the bill.

The bill was revised and amended and reported out in the second session as S. 1946, but failed of passage during the Eighty-first Congress.

I do not claim that this proposal is the first one calling for a study of inter-governmental relations.

There had been several bills and resolutions calling for a study of some phases of this problem, particularly its tax and fiscal aspects, but this bill was—I believe—the first calling for a comprehensive study of the whole field.

While I do not minimize for a moment the importance of the financial phases of the problem, I am certain that no solution of the problem as a whole is possible simply by dealing with segments of it.

To continue, briefly, Mr. President, with the historical background of this proposal, may I point out that in the Eighty-second Congress, I again introduced a bill, S. 437, which was similar to the one which I present today.

Also in the first session of the Eighty-second Congress, our distinguished former colleague, Senator Herbert R. O'Connor, of Maryland, introduced a bill for this purpose.

This was S. 1146, which was reported out of committee, and was passed by the Senate on July 23, 1951.

Unfortunately, on the following day, the bill was recalled from the House, as a result of what I believe was some misunderstanding as to its nature and purpose. I dislike to think, Mr. President, that the misunderstanding was political, but all signs at that time pointed to partisanship.

No further action was taken upon it during the Eighty-second Congress.

Now, at the beginning of the Eighty-third Congress, we have a new opportunity to do something that may open the way for constructive action in this important field.

The purposes of the Commission, Mr. President, are clearly stated in the text of the act.

I ask unanimous consent, Mr. President, to have placed in the Record at this point in my remarks those purposes.

The PRESIDING OFFICER (Mr. Goldwater in the chair). Is there objection?

There being no objection, the statement of purposes was ordered to be printed in the Record, as follows:

“This Commission is established for the purpose of studying and making recommendations to the President and the Congress, in an effort to bring about—

“(1) The finding of ways and means of establishing a more orderly and less competitive fiscal relationship between the several levels of government. Major aspects of this problem include the overlapping and confused systems of taxation and the increasing demands made upon the Federal Government and the States for tax-sharing and grants-in-aid, without following any consistent overall pattern;

"(2) The elimination of duplication and overlapping services, activities, and functions, and the securing of a better coordination of such services, activities, and functions among the several levels of government ;

"(3) The attainment of such an allocation of governmental functions among the several levels of government as will contribute to economy in governmental administration on the one hand, and maximum service to the public on the other ;

"(4) A reduction in the total governmental expenditures to the lowest possible level consistent with the efficient performance of essential services, activities, and functions ;

"(5) The development, within the existing constitutional framework, of a governmental structure and such cooperative policies and procedures as will tend to overcome existing obstacles to efficient governmental administration, and to lay a sound foundation for future development."

Mr. HENDRICKSON. I believe that Members on both sides of the aisle are under obligation to give consideration to these important problems.

Not only was the establishment of such a commission recommended by the Hoover Commission, but in the recent campaign both political parties and their candidates took a strong position in favor of doing what could be done to stem the tide toward further and further concentration of authority in the hands of the Federal Government here in Washington.

I shall not burden you nor impose upon your time by a lengthy recital of arguments in support of this proposal.

It is a proposal at this stage simply to find out what the facts are, so that we may at a later date be in a position to take constructive action.

How anyone can logically oppose a move to discover and disclose the facts, it is difficult to understand.

Actually there has been little real opposition to this proposal, while there has been evidence of a great deal of active support.

This support comes from both official and unofficial sources.

In this connection, I should like to call attention to one very interesting fact.

For the past several years, it has been true in session after session that approximately one-third of the Members of this body have served at some time as the governors of the States from which they come.

Beginning with the second session of the 81st Congress, these former governors have, without regard to party affiliation, lined up 100 percent—I believe—behind this proposal for a National Commission on Intergovernmental Relations.

Some of the most distinguished political scientists in the country have given their full support to this proposal.

I mention only three at this time: Professors White, of the University of Chicago; Gaus, of Harvard; and Anderson, of the University of Minnesota.

Mr. President, I ask unanimous consent that a concise statement containing quotation of these estimable scholars be inserted in the Record at this point in my remarks.

The PRESIDING OFFICER. Is there objection?

There being no objection, the statement was ordered to be printed in the Record, as follows:

"Prof. Leonard D. White, of the University of Chicago, recognizing that these interrelationships present many difficult problems, believes that 'such a commission is badly needed' and that 'it might do a lot of good in proposing answers to some of them.' Prof. John M. Gaus, of Harvard University, believes that 'there are all kinds of improvements we can make in the operation of the various levels of Government in this matter of relationships and the preparation of programs without any new legislation being required at all.' So do I, and I believe that the findings of such a commission will open up many of these to us. Prof. William Anderson, of the University of Minnesota, writes, 'If the establishment of a commission could lead to some intensive studies, and not to mere pronouncements of general policies, it would be worth the expenditure of a considerable sum of money. Our own studies in Minnesota indicate that there are many phases of intergovernmental relations that have not been brought to light.'"

Mr. HENDRICKSON. Mr. President, support for the proposal also comes from many public officials and statesmen as well.

Support likewise comes from many people at the Federal level and from those at the State and local levels.

In 1950, the American Municipal Association, in its National Municipal Policy Statement, gave enthusiastic support to the movement for such a commission, specifying only that the cities should have direct representation—which, of course, has always been intended.

Mr. President, I ask unanimous consent that a pertinent part of this statement be incorporated in the Record at this point in my remarks.

There being no objection, the excerpt was ordered to be printed in the Record, as follows:

"The National Commission on Intergovernmental Relations, proposed as S. 1946 (the revised bill in the 81st Cong.), should be enacted at the earliest possible date. Clarification of the difficult questions arising between Federal and local governments can be accomplished best by such a commission. Few activities are more urgent or more important as a means of proving that a democratic Federal Government can work effectively and harmoniously."

Mr. HENDRICKSON. Mr. President, the National County Officers Association, the National Municipal League, the Council of State Governments, and many other organizations have given their support. The national assembly of the States, sponsored by the Council of State Governments and meeting in Chicago only last month, adopted a resolution urging Congress to enact legislation such as I propose.

Mr. President, I ask unanimous consent that appropriate parts of this resolution be incorporated in the body of the Record at this point in my remarks.

There being no objection, the resolution was ordered to be printed in the Record, as follows:

"Our system of government can be maintained only if the authority and responsibilities of the several States are preserved. The growing encroachment of the Federal Government into activities which traditionally have been, and should be, the function of the States has become a matter of grave concern to all the States. The tax policies of the Federal Government have made it increasingly difficult for State and local governments to obtain the revenues which they require.

"The Federal Government should be responsible for the administration and financing of national responsibilities; State and local governments should be responsible for the administration and financing of their responsibilities; and the responsibility for the administration of joint functions should be jointly financed upon a carefully defined basis. It is our firm conviction that more efficient service to the citizens could be rendered at lower cost if certain of the taxes now levied by the Federal Government were abandoned to the States in lieu of Federal grants-in-aid.

"Accordingly, this eleventh general assembly of the States strongly recommends that—

"(1) The Congress of the United States enact legislation to create a representative agency authorized to study and make recommendations with respect to the administration and operation of functions performed by, and the tax responsibilities of, each level of government.

"(2) The Council of State Governments cooperate enthusiastically with any such agency that may be created by the Congress."

Mr. HENDRICKSON. In conclusion, Mr. President, I should like to point out some of the definite benefits that I would hope might flow from the work of such a commission.

In the first place it would, as I have indicated, get the facts—facts without which intelligent programing and long-range planning are impossible.

An explanation of how we got where we are is a necessary prerequisite to the planning of future action.

The second benefit that I would have to realize as a result of the work of such a commission would be the development of a sort of blueprint for the future—a long-range guide to the determination of policy and procedure.

Third, I believe, that there should be in the Federal Government some kind of central coordinating agency, whose duty it would be to achieve some degree of uniformity in both policy and procedure among the various departments and agencies having relations with the States.

There is at the present time no general policy and no coordination.

I have some ideas as to what the nature of this machinery should be, but for the present I refrain from further comment upon them, on the theory that the Commission should make a specific recommendation as to a proper means of executing the plan which it will present.

Finally, Mr. President, I would hope that this study of Federal-State, inter-state, Federal-local, and State-local relations might serve to point up the need

for some central clearinghouse for all kinds of information dealing with State and local government, law, and administration.

At the present time agencies concerned with the collection and analysis of such data are scattered all over the city of Washington—in the Library of Congress, the Federal Security Agency, the Departments of Commerce, Justice, Labor, Agriculture, and many more.

There is confusion, absence of essential information in some areas, duplication of effort in others.

There should be, and I believe there is, an appropriate means of bringing some semblance of order out of chaos.

I send the bill to the desk for appropriate reference.

The bill (S. 526) to establish a National Commission on Intergovernmental Relations, introduced by Mr. Hendrickson (for himself and other Senators), was received, read twice by its title, and referred to the Committee on Government Operations.

[From the Congressional Record, February 25, 1953]

INTERGOVERNMENTAL RELATIONS

Mr. HENDRICKSON. Mr. President, I would deem it reasonably safe to assume that we here assembled in this session are not opposed to balancing the Federal budget.

I have no miracle drug and I have no cure-all to administer to this problem-patient of the Nation, but I think that there is a bill presently before the Senate which will one day balance our budgets at all levels of government if we but give it a chance.

I have reference to the bill (S. 526) to establish a National Commission on Intergovernmental Relations, which bill was introduced by me in the Senate on January 16, 1953.

I think that if the proposition embodied in this measure was important enough for inclusion in President Eisenhower's state of the Union address, it is certainly important enough for our studied deliberation here on this floor.

The bill is now pending before the Committee on Government Operations of the Senate.

My colleagues know, Mr. President, that the junior Senator from Wisconsin is confronted at this time by serious, important, and pressing problems of real significance.

The junior Senator from New Jersey is numbered among those who can count only 24 hours in 1 day.

I can appreciate the problems of limited time facing the chairman of that distinguished committee of the Senate.

But I feel that we have our chance to restore long-range economy in government—at all levels of government—and that the time is now, Mr. President, now—with the mandate of the great American electorate still ringing in our ears, a mandate which is as plain as day; an alternative to unbalanced budget after unbalanced budget which could change that black night to day.

This Commission on Intergovernmental Relations is designed to study overlapping functions, duplicating services, and competitive fiscal relationships between local, State, and Federal Governments.

It is a reflection of the strong position taken by both parties in the recent campaign.

We campaigned on the premise and on the promise that we would do what we could to stem the tide toward further and further concentration of authority in the hands of the Federal Government here in Washington.

Mr. President, this Commission is a start in that direction—a blueprint for the future; a guide to the determination of policy and procedure for the Congress to follow.

The Commission would strive to find ways of establishing a less competitive fiscal relationship between the several levels of government, including the overlapping and confused systems of taxation and the grants-in-aid programs.

The Commission would seek to eliminate duplication and overlapping services, activities, and functions among the three levels of government.

Its purpose would be to reduce government spending to a low level consistent with efficient governmental performance.

This legislation is not new to the Senate.

I introduced early in the 1st session of the 81st Congress a bill providing for a temporary National Commission on Intergovernmental Relations.

It failed of passage. I will not go into the reasons, although I shall always feel that they were quite political in nature.

I introduced the bill again in the 82d Congress and can report that its counterpart was passed by the Senate, even though it was withdrawn from the House before further action could be taken.

During these several years, we have had substantial evidence of interest and support for this proposal from many individuals and organizations.

I hope and believe that this interest will greatly increase because the climate is right, because the President of the United States has spoken up for the general proposition, and because we in the Senate will add a greater voice to the basic responsibility we find in our hearts—to smooth the working relationships and do what can be done to restore the original balance of power among the levels of government.

This conviction has been growing upon me during a long period of service in public office in my own State of New Jersey and here in the United States Senate.

My experiences at the State level of government gave me an opportunity to observe personally the growing number and complexity of the problems in this field of intergovernmental relations.

When I came to the United States Senate 4 years ago, the Commission on the Organization of the Executive Branch of the Government—the Hoover Commission—was very much in the news and on everyone's mind.

This type of joint legislative-executive Commission seemed to provide a sort of working model which could be adapted to the intergovernmental relations problem.

As a matter of fact, the Hoover Commission recommended that such a commission be set up for the purpose of making a study to ascertain the facts and develop a program of action.

Mr. President, that is what Senate bill 526 would do.

Our new President of these United States is interested—I know that many of you are interested—I pray that the Committee on Government Operations will show the same inclination to know a good thing when it sees it—as it has in past Congresses—and grant an early hearing for Senate bill 526.

I believe my measure offers a real ray of economic hope in the present fiscal picture which is drawn in shades of deep red.

Thus it will always be, Mr. President, unless we get right down to altering the topsy-turvy relationships between Washington, your State and my State; your town and my town.

[From the Congressional Record, March 9, 1953]

PROBLEM OF OVERLAPPING TAXES AND FUNCTIONS IN GOVERNMENT

MR. HENDRICKSON. Mr. President, as my colleagues know, I have been interested for a number of years in the difficult problem of overlapping taxes and functions among the three levels of Government—Federal, State, and local. The latest of several bills I have offered in the Senate to set up a study Commission on Intergovernmental Relations was introduced on January 16, 1953, and is numbered S. 526.

There appears in the Washington Sunday Star of March 8, an article effectively describing the nature of the problem, its complexities and its future outlook. I ask unanimous consent that this article be included in the Record at this point in my remarks. I commend it to the attention of my colleagues as a worthwhile discourse on a long-standing, but outstanding, problem of Government.

There being no objection, the article was ordered to be printed in the Record, as follows:

“FIXING TAX OVERLAP INEFFICIENCIES IS EASIER SAID THAN DONE

“(By Earl H. Voss)

“Overlapping Federal, State, and local taxes have, over the past 40 years, caused many a frustration for the downtrodden American taxpayer, whose income and purchases sometimes are subject to assessment from 2, 3, or 4 governmental units. Every so often the area of overlap has to be pruned. That time has come around again and politicians on all levels of government are getting set for the assault.

“Both the Republican administration and the Democrats on Capitol Hill are aware of the problem. It was studied at some length a year ago. President

Eisenhower set up a White House conference recently to study the whole broad field of intergovernmental relationships.

"The administration seems agreed that the first step in removing the undesirable overlap is a thorough study of the whole complicated picture. There already is a bill before Congress to set up a study commission. It has been sponsored in the last several Congresses by Senator Hendrickson, Republican, of New Jersey. This year 10 other Senators have joined him as cosponsors. Senator Hendrickson has been interested in the conflicting government functions and taxing authorities since he was in the State legislature in New Jersey. Another New Jersey official, Gov. Alfred E. Driscoll, has been a leader in the movement for better coordination between the various levels of government.

"LITTLE OVERLAP UNTIL 1913

"Up until 1913 there was comparatively little overlap in the American tax system. The Federal Government got all the revenue it needed from customs—which States were forbidden to levy—and from excises on liquor and tobacco, which the States had not yet begun to tap to any great extent. The States, counties, and cities got theirs from property taxes.

"As government costs went up in the tense period before World War I, however, all levels of government started looking around for new revenue sources. By the 16th amendment to the Constitution, the Federal Government started taxing incomes. A very few States followed suit immediately, but most of them met their expenses by levying excise taxes on selected commodities.

"It was not until the great depression that the States and cities found themselves hardpressed for revenue. They tried general sales taxes, but still could not bring in enough money to meet their expanding expenses. The Federal Government finally stepped in to provide them direct assistance, in the form of loans or grants-in-aid for relief and work programs during the depression.

"Just before World War II there was heavy pressure for doing away with conflicting taxation. But when the war broke out, State and local tax yields increased greatly. Lower levels of government could pay their own way again. The pressure eased until after the war. Meantime, the Federal Government was expanding the range of its taxes. And after the war, the overlap hurt States and cities that much harder.

"The following table shows how Federal, State, and local tax-revenue sources overlapped in 1950 (in millions of dollars) :

Tax	Federal	State	Local
Individual incomes.....	\$25,885	\$754	\$64
Corporation incomes.....	26,230	586	7
Sales.....	9,764	4,670	484
Property.....	0	311	7,065
Death and gift.....	760	171	4
Social insurance.....	4,900	1,028	3
Licenses, permits, others.....	145	1,450	383
Total.....	67,684	8,940	8,002

"The sales-tax category in the above table applies to such things as gasoline, tobacco products, stamps, alcoholic beverages, gifts, admissions, and amusements.

"States get most of their revenue from sales taxes, while local governments depend mainly on property taxes.

Eighty percent to United States

"The Federal Government got 80 percent of all the revenue collected in 1950; the States got 11 percent; and local governments, 9 percent.

"The search for more revenue by all levels of Government tends to increase the areas of overlapping. In 1951 more than half of the 46 States whose legislatures were in session raised at least one major tax.

"Exclusive areas?"

"Each time the issue of tax overlap has come up there have been some who want to move sharply in the opposite direction. They want to stake out exclusive areas for Federal, State, county, and city governments to levy taxes. This would simplify bookkeeping all around, but it wouldn't be very practical. Some economic areas are strong enough to stand the load of two or three governments' taxes. Other areas cannot produce enough revenue for even one. There just are not enough strong taxable areas to go around.

"Separation of sources, as it is called, also would cause an unequal distribution of tax revenues in many areas. The present system tends to protect States with predominantly low-income taxpayers. It gives them services similar to those enjoyed by States with more high-income taxpayers. Separation of the sources of revenue might work hardships on the poorer States.

"On the other hand, there are definite abuses in the overlapping-taxation technique. In Alabama, for instance, people are taxed four times on the same item: Federal, State, county, and city governments all tax gasoline.

"Besides being four times as vexatious as any single assessment, such tax overlaps have these disadvantages:

"They tend to concentrate taxes unduly on a few economic areas, risking distortion in the national productive pattern.

"They raise the cost of administering taxes by adding new corps of administrators to Government payrolls.

"They harass taxpayers themselves and consume their time and effort filling out 2 or 3 tax forms on the same item.

"They limit local governments' areas of taxation.

"If separating tax sources is not the way to avoid the evils of tax overlapping, what is The Treasury Department had some definite ideas last year.

"Democratic suggestions

"Here is a list of the methods the then-Democratic Treasury Department outlined:

"1. *Tax sharing.*—In general, the Federal Government would collect certain taxes and share the take with States and their subdivisions. This is not possible in some cases. On cigarettes, for instance, State taxes vary from 1 to 8 cents a pack. The Federal Government would have to give all States the same percentage cut of the revenue. Those States which have high cigarette taxes would have to find replacement revenue if their total take were reduced.

"2. *Deductibility.*—One jurisdiction often allows deduction of other jurisdictions' taxes. For instance, Federal income taxpayers are allowed to deduct State income taxes from their taxable incomes. Some States allow similar deduction of Federal taxes. This becomes significant only in the higher income brackets.

"3. *Tax credits.*—Taxpayers would be allowed to claim taxes paid to States as a partial credit against Federal tax liability. This device has been used in transfer taxes at death, or in unemployment-insurance taxes.

"4. *Uniformity of tax bases and methods of computing taxes.*—States are now moving to make their definitions of taxable income coincide with Federal definitions. Some States peg their income taxes to Federal taxes, taking, for example, 10 percent of the Federal levy.

"5. *Administrative cooperation.*—All levels of Government exchange audit information, and cooperate in other areas of tax administration. The areas could be expanded, thus reducing the costs of administering the taxes.

"Some now in use

"As will be noted from the above list, many of the methods of reducing the conflict among tax jurisdictions are already being used on a limited scale. These methods have come into use quietly, without fanfare or legislation.

"The Treasury Department (then under Democratic leadership) thought last year that this kind of constant chipping away at the most flagrant overlap abuses—without upsetting the infinitely complex tax system—was the way to handle the problem. Legislation, the Department seemed to think, might not be flexible enough to keep up with the changing economy.

"The Republicans are expected to get around to studying the problem soon. They are committed in their platform and by their campaigns to take some of the pain out of taxes. But there is little likelihood that anything definite will be done to relieve tax overlap inefficiencies for a year or two. The issue is too complex."

[From the Congressional Record, April 1, 1953]

COMMISSION TO STUDY FEDERAL-STATE RELATIONS

Mr. HENDRICKSON. Mr. President, the Eisenhower administration, in office a scant 3 months, has followed through on its first campaign pledge dealing with taxation policy, a policy which is probably closer to the American people than any other domestic issue we will deal with in this body.

The fulfillment of this, the first of four taxation planks in the Republican Party platform of 1952, is not by its nature a headline-getting medium. It may be that only keen students of Government—or those officials close enough to this vital situation to care—had the interest to read through the President's message to Congress proposing the establishment of a Commission To Study the Relationship of Federal, State, and Local Governments. But in fact the Eisenhower administration has redeemed its debt to a platform plank which, in my judgment, may well turn out to be the most important fiscal accomplishment of its years.

Mr. President, let me first read this particular portion of the Republican platform on tax policy which the party advocated and carried into the 1952 campaign:

"An immediate study directed toward reallocation of fields of taxation between the Federal, State, and municipal governments so as to allow greater fiscal freedom to the States and municipalities, thus minimizing double taxation and enabling the various divisions of Government to meet their obligations more efficiently."

The Republican platform used the word "immediate" in its reference to the suggested study—and President Eisenhower and his associates took the platform at its word.

The idea of a study of the proper relationships between our three levels of Government is not new with the Republican Party, nor was it new in Chicago last summer.

Several bills have been introduced in past Congresses with a view toward establishing a Commission on Intergovernmental Relations, designed to study the prospects of getting the Federal Government out of a number of fields of Government which would be better left to the States to administer.

In the 81st Congress, a bill, S. 1146, to set up this study group was approved by the Senate.

However, on the following day, the bill was recalled from the House, and it may well have been that partisan considerations provoked that action. I have always suspected such to be the case.

I was a coauthor of that bill, as well as the author of similar legislation in the 81st and 83d Congresses.

I am grateful for the cosponsorship and maximum support of these efforts by many of my colleagues on both sides of the aisle through the difficult years when the executive climate was not conducive to the bearing of the fruit of economy.

There is, however, a new climate in Washington these days.

Mr. President, please allow me to point out how President Eisenhower picked up the ball of leadership in this matter and started goalward with it.

Back in July at a press conference, he had this to say:

"I favor carrying out the Hoover Commission recommendations. I want to carry this recommendation further, and support a study to determine whether some Federal functions cannot be returned to the States. The closer to home we can keep the responsibility, cost, and authority for all Government projects, the better."

During the campaign, he touched upon this plank nailed into the Republican platform in this fashion:

At Houston, Tex., the home of the distinguished present occupant of the chair [Mr. Daniel], on October 14, 1952, Candidate Eisenhower declared:

"Keep as much of the Government as close to the people as possible. That system of government has served us well, one in which States have had a vital part. The preservation of local order, elbowroom to produce and build, protection of our titles to land," a subject which is very close to us at the moment, "the sacredness of our homes from intrusion, our right to get the best schooling for our children—we are secured these basic freedoms in the first instance by our State, our county, and our hometown."

A few months later he was President Eisenhower, facing the Congress in his maiden state of the Union address. He told the Congress:

"To bring clear purpose and orderly procedure into this whole field, I anticipate a thorough study by an appropriate commission of the proper relationship among Federal, State, and local programs in this whole field."

In requesting the Congress to authorize a Federal-State relationship commission, our President said in his message of March 30:

"The present division of activities between Federal and State governments, including their local subdivisions, is a product of more than a century and a half

of piecemeal and often haphazard growth. This growth in recent decades has proceeded at a speed defying order and efficiency. One program after another has been lanneled to meet emergencies and expanding public needs * * *. In many cases, especially within the past 20 years, the Federal Government has entered fields which, under our Constitution, are the primary responsibilities of State and local governments.

"This has tended to blur the responsibilities of local government. It has led to duplication and waste. It is time to relieve the people of the need to pay taxes on taxes."

Thus spoke General Eisenhower, as candidate and as Chief Executive.

Leadership in this eminently important field of fiscal and functional relationships has been taken and tenaciously clung to by such outstanding organizations as the Council of State Governments and its Governors' Conference; by the American Municipal Association, the National County Officers Association, the National Municipal League, and many other organizations which have given our legislative proposals their earnest support through the difficult years.

The Governors Conference committee on intergovernmental relations, headed by the distinguished Governor of New Jersey, Alfred E. Driscoll, stated this view earlier this year:

"Our system of government can be maintained only if the sovereignty of the several States is preserved. The tax policies of the Federal Government have made it virtually impossible for the State and local governments to obtain the revenues which they require.

"The levying of taxes upon identical products by both State and Federal Governments results in a wasteful duplication of administrative expense.

"It is the belief of the Governors' Conference that more efficient service to the citizens could be rendered at lower cost if certain of the taxes now levied by the Federal Government were abandoned to the States in lieu of Federal grants-in-aid."

Mr. President, as long ago as May 9, 1949, Governor Driscoll came before the Joint Subcommittee on Intergovernmental Relations of the House and Senate Committees on Government Operations.

Testifying on behalf of several bills which would have established a study Commission, Governor Driscoll stated, with vision and candor:

"Year after year our Presidents in public messages have stressed the importance of retaining our Federal system, and pointed to the danger of concentrated political power based upon the power to tax and distribute tax money.

"The continued usurpation by the Federal Government of tax bases formerly belonging to the States and their political subdivisions has dried up sources of revenue upon which the latter relied, and thus increased the pressure upon the Federal Government for Federal assistance.

"We have thus, therefore, a vicious circle in which requests for assistance compel the Federal Government to maintain abnormally high taxes when the solution of the problem is to be found in the reduction of Federal spending and the restoration to the States and their political subdivisions the capacity to finance governmental services at the local level where the benefit is received."

Mr. President, suffice it to say that there are many responsible officials at all levels of government who have readily seen that our competitive fiscal and tax relationships, our overlapping functions, and our duplicating services represented a governmental bearcat which would sooner—not later—have to be seized by the tail.

The President's message and the legislation which will soon be offered in the Congress represent the "seized tail."

What would this Commission study; how would it approach this major problem of our times?

I submit, by way of suggestion only, that all Federal grants-in-aid programs be examined to determine the following:

First. Should the grant be continued?

Second. Can and should the service be provided and financed by the State itself and to what extent?

Third. How should the activity be administered?

To enable the States to assume more of the responsibility for performing the domestic functions of government and to raise necessary revenue to support these activities, the National Government might well withdraw from such tax areas as gasoline, admissions and amusements, local telephone service, and might reduce to some extent excise taxes on alcoholic beverages and on tobacco products.

It might reorganize and readjust Federal estate and gift taxes in order that the States might receive approximately 50 percent of the combined revenue derived therefrom.

More specifically, Mr. President, take the field of health, for example.

There are 10 separate and distinct programs in this field to which the Federal Government contributes through grants-in-aid to the States.

They are: General health assistance, venereal-disease control, mental health, heart-disease control, tuberculosis control, cancer control, water-pollution control, maternal and child health services, services for crippled children, and hospital construction.

Seven of these activities clearly have to do with health. With respect to three, there are other major aspects involved, such as welfare, education, and public works.

The total Federal grant to the States for these 10 activities in 1952 was \$143 million.

These grant programs, certainly those that are strictly health, might be reappraised as a whole.

Should the Federal Government in Washington continue to make all these grants?

Should there be one consolidated grant for general public health rather than many individual and specific grants for parts of the health programs?

These are questions which the Commission might carefully explore.

Mr. President, there are many other areas of function, including agriculture, the old-age assistance program, and the construction of highways, which readily lead themselves to exploration.

These are random ideas hammered out on the tough anvil of governmental experience.

The field of inquiry is wide and the chances for improvement bright.

Those of us who have labored in the wilderness have a new champion in the executive department and we have a growing public awareness of the problem aiding us in our revived efforts.

A few days ago, on March 29, a clear-thinking editor of the New York Herald Tribune had this to say in an editorial:

"The problem of double and triple taxation is a fairly recent one, arising from the pressure for more revenue existing at all levels of government.

"Through much of our history, Washington obtained what it needed for national purposes from customs duties, excise taxes, and the sale of public lands; while property taxes and license fees sufficed for the States.

"Today, however, the tendency is for various governmental authorities to drink thirstily at the same sources of revenue.

"Gasoline and beer are taxed by all 48 States as well as by the Federal Government; death taxes and taxes on liquor fall almost as prevalently under the double burden."

Mr. President, the distinguished colleagues who joined me in the introduction of Senate bill 526 in the present Congress will need no urging when the administration bill is offered in the Senate.

I have reference to the senior Senator from Maine [Mrs. Smith], the senior Senator from Kansas [Mr. Schoeppel], the Senator from Delaware [Mr. Williams], the Senator from Wyoming [Mr. Hunt], the Senator from Iowa [Mr. Hickenlooper], the junior Senator from Kansas [Mr. Carlson], the Senator from New Hampshire [Mr. Tobey], the Senator from New York [Mr. Ives], the Senator from Massachusetts [Mr. Saltonstall], the Senator from Ohio [Mr. Bricker], and my distinguished colleague, the senior Senator from New Jersey [Mr. Smith].

The Senate, I am certain, will recognize in the administration bill to be offered by the distinguished majority leader an opportunity for financial redemption from a hodgepodge of confusion which has been with us too long.

Representative BROWN. Mr. Chairman, may I have the privilege of stating to the committee that I certainly have no objection to the Taft-Hendrickson bill. In fact, I can see no conflict of any importance between the bills introduced by Senator Ferguson and myself and those introduced by Senator Hendrickson and Senator Taft.

The bills which Senator Ferguson and I introduced do carry a provision for some study of Federal-State relations.

The CHAIRMAN. May I interrupt at this point, Congressman? Do I understand it is the position of Congressman Brown, Senator Ferguson, Senator Taft, and Senator Hendrickson, that the bills, when amended as the committee thinks they should be amended, should be combined, in other words, that the Ferguson-Taft bill should be combined?

Senator FERGUSON. I do not think they can be combined. They ought to be separate and have separate commissions, because I think the functions of Senator Taft's bill are such that specialized people should be studying that special problem, and that other people who are specialized in other fields should take the general problem. I think there should be two commissions.

Senator TAFT. I think you can see the clear distinction. After all, what the Hendrickson-Taft bills are leading up to are legislation on health, welfare, and so on, or particular legislative provisions, particular legislative provisions about taxes, to carry out the proper relationship here.

The Brown-Ferguson bill is leading up to a series of reorganization plans and new methods in the operation of the Federal Government itself. The ultimate purpose is really distinctly different in the two cases.

The CHAIRMAN. I may say one of the reasons why we scheduled hearings upon the bills at the same time is because of the complete confusion in the minds of most people as to the purpose of the Taft bill and the Ferguson bill, the general idea being that there was a conflict between them. For that reason, I thought it would be well to hold the hearings jointly so that we could clarify that.

Representative BROWN. May I say, sir, that we had a task force under the original Hoover Commission that was set up for the purpose of studying Federal-State relations. I think that task force consisted of 15 outstanding persons, 4 or 5 of whom were Governors of various States. That task force, which reported to the Commission at regular intervals, found it very, very difficult to go into this entire problem. The Commission itself found it difficult to consider the problem. It was impossible to get any agreement on some of the differences among the different members of the task force, differences of opinion.

It is a field of its own. I think it is a field in which the Congress, through a special commission, can very well direct its efforts, because it is a big subject. And we found that different Governors, different county officials, different local officials, had different views according to their sections of the country, and we just did not get anywhere with that task force. I mean, the results were not very satisfactory to us. We did not resolve very many questions or find the answers to very many problems. And so it needs a thorough study by a special commission, and I think this legislation of Senator Taft and Senator Hendrickson is very applicable right now.

The CHAIRMAN. Before I forget, may I suggest that in view of the fact that we have had a great number of witnesses who have requested the right to appear before the committee, if it meets with the approval of the other members of the committee, we will invite the sponsors of the various bills to sit with the committee, if you care to, and ask questions of the witnesses.

Senator TAFT. I think that what is perhaps more important, when the committee gets to considering wording, or amendments, Senator Hendrickson and I can come in then. I see no reason to discuss that now.

Representative BROWN. We certainly would like to have the same privilege.

The CHAIRMAN. We will perhaps draft a proposed committee bill and submit that to all the Senators concerned.

Would that meet with your approval, Senator Taft?

Senator TAFT. Yes.

Senator FERGUSON. Mr. Chairman, might I just ask the committee to receive as part of this record a statement that I had prepared? Part of it has been covered here. And I would also like to submit, from the last session of Congress, my remarks when I introduced a somewhat similar bill, and my remarks when I introduced the present legislation.

The CHAIRMAN. Very well.

(The material referred to is as follows:)

TESTIMONY OF HON. HOMER FERGUSON, A SENATOR FROM THE STATE OF MICHIGAN

I wish to thank the committee for its kindness in permitting me to appear on behalf of S. 1514, to establish a Commission on Governmental Functions and Fiscal Resources and S. 106, to establish a Commission on Organization of the Executive Branch of the Government.

Both of these bills, and others of a similar nature, stem from the basis need for a comprehensive study of the activities of the Federal Government. The original Hoover Commission did an outstanding job but its activities were limited to a study of the efficient conduct of the activities of the Government and it did not make recommendations on the important question of whether or not the Government should perform a given activity or service. The final report of the Hoover Commission, issued in May of 1949 says:

"The Commission focused its attention mainly on how efficiently present services were being performed, rather than on the question whether they should or should not be performed."

Herein lies an enormous field which has not reached the close and overall scrutiny which is essential if we are to keep the size of our Government within bounds of reason and its cost within the means of our citizens.

In the area of Federal-State relations, the original Hoover Commission itself called for the creation of a new study group to go into this vast area of Federal activity. President Eisenhower, in his state of the Union message and in his message to Congress of March 30, 1953 has recognized the urgent need for such a study and recommended the creation of a Commission on Government Functions and Fiscal Resources.

The Commission which would be established by the enactment of my bill, S. 106, would in no way conflict with the Commission proposed by Senator Taft's bill, S. 1514. The Commission on Governmental Functions and Fiscal Resources is limited, in section 3 of the bill, to study and investigation of all of the present activities in which Federal aid is extended to State and local governments.

By the language of this section, the Commission on Governmental Functions and Fiscal Resources is limited to studying the fields of Federal grants-in-aid. This is a tremendously important field and one that merits a great deal of close and careful reviewing. But it is only a part of the field of Federal-State relations and only a portion of the area of government which was not even touched by the Hoover Commission. Because of the breadth of the field and need for investigation and order, I urge the committee to favorably report S. 1514.

But, at the same time, I hope the committee will not leave half of the job undone by failing to report S. 106. Establishment of both Commissions will not lead to duplication or overlapping of activities. The legislation for both Commissions contains, under the section entitled "Obtaining Information", ample authority for close and harmonious cooperation between the groups.

With only a few exceptions, the language of S. 106 is identical with the language of the statute which created the original Hoover Commission on Organization of the Executive Branch of Government. The most important difference between this bill and the Hoover Commission statute is found in paragraphs 7 through 10 of section 1, the Declaration of Policy section. These paragraphs are intended to make certain that this Commission has full power to look into the activities of the Federal Government from the standpoint of policy and to inquire, "Should the Federal Government be performing this activity or service and if so, to what extent?" This Commission must ask questions of this nature which the original Hoover Commission did not ask.

The cost and the size of our Federal Government can best be reduced by cutting down the things which the Government does. The mere process of reorganization, because of its nature, cannot reduce the size of government or its burden on the taxpayer by more than a few percent. Reorganization cannot strike at the root of the problem of big government.

Nor is it the intention of the sponsors that this bill would provide for a wholesale and unwarranted stripping of the powers and duties of the Government. But the need is clear and pressing for a review of the functions of the Federal Government. The character and stature of the members of the Commission would be such as to assure sound, prudent and well-conceived recommendations, and it should be noted that the Commission has only the power to recommend to Congress and not the power to enact.

The Hoover Commission was formally established as bipartisan. The legislation I have introduced contains instead of a bipartisan injunction, a provision that, if possible, one of the members appointed by each of the appointing authorities be former members of the Hoover Commission. It is certainly not my intention that this new Commission be a partisan Commission in any sense of the word but I feel that the addition of another qualification for membership would impose an undue restriction on those who must name the members. I certainly anticipate that the appointments to the Commission would be made without regard to political affiliation. I believe that it is important that some of the members of this new Commission be persons who were experienced in the work of the Hoover Commission.

In summary let me say: These two proposals for study commissions together offer this Congress what will become its strongest weapon for cutting the size of government and its cost. What is more, they will provide the means of setting the American ship of state back on a course governed by reason and prudence.

SPEECH BY SENATOR HOMER FERGUSON, JULY 4, 1952

Mr. President, there is clearly today something about the evolution of the Federal Government which is fundamentally wrong.

Has it not grown too large and complex for Congress to control?

Has it not grown beyond the power of the Executive to control?

Has not the phenomenal growth of the Federal Government upset the fundamental basis on which government in the United States was designed to rest?

Is there not now a dangerous lack of balance between the Federal Government and the States and local governments?

Has not the division of powers between the three branches of the Federal Government—which is our real safeguard of freedom—broken down?

Congress has all but completely lost control of the purse and can no longer keep track of the activities of the farflung departments, agencies, and bureaus. Even the Chief Executive has lost most of the essential control over the complex ramifications of the executive branch. Today, we have a Government without a true rudder, running amok in the tempestuous sea of political, social, and economic storms of our times. I am seriously concerned about our ability to weather those storms with our present ship of state.

Today, the Federal Government is a big, sprawling, inefficient, wasteful, costly, and purposeless collection of departments, bureaus, boards, offices, agencies, administrations, commissions, services, authorities, sections and units. These multitudinous units of administration are like thousands of rat holes down which are drained billions and billions of dollars of the American taxpayer.

Amidst this vast array of Federal Government units, the people themselves are lost. They can't possibly know where they stand.

The great multitudes of Americans have not been able to locate their tax dollars in terms of productive return—return in the form of a positive foreign policy—return in the way of more tanks and planes for Korea—return to individuals in the form of full employment and the general betterment of their living standards.

Where is all our money going, with these few results that we see? One answer is that we have had no evaluation of our Government in terms of what it should be able to achieve to meet our needs in a free society. The answer is that we haven't explored the reasonable limits of Federal activities in the matters of returnable tax dollars, national strength, and security.

Clearly it's time to take stock * * *. It's time to determine what powers and duties can best be carried by the States and communities and what others belong to the Federal Government. We must carefully study the conditions which make it impossible for the representatives of the people in Congress to govern. Only through that evaluation will the people know the answer to the riddle of where they stand and where government stands.

It is difficult for the Congress, without an approach such as I am going to suggest, to make any headway against the ever-expanding Federal Government. Under the present system the direction which this vast Federal Government will take in its twistings and turnings into new highways and byways is largely determined by the executive branch. The Congress, with the limited facilities currently at its disposal, is only occasionally able to determine the speed of the movement and almost never to determine the direction or the course which this unwieldy and overgrown ship of state will take.

The House of Representatives has very recently tried to seek a solution by the enlargement of its staff. Steps like that are certainly in the right direction, but a bold new approach such as I suggest must be taken before the country is entirely overwhelmed by its own Government.

There was nothing haphazard about the way the Founding Fathers designed the American form of government. They had come to our shores from Old World countries where kings and dictators tyrannized the people; they were thoroughly acquainted with the works of great philosophers and of political writers of all ages; they knew the dangers of strong government and of weak government—of kings and demagogues; they had a profound knowledge of the right principles upon which government had to be founded if it was to be good government, self-government by the people, and if it was to safeguard the freedom and liberties of the people.

Out of this deep understanding of human nature and the principles of good government, the Founding Fathers established a representative republic with certain unique features.

One of these features was the division of government into proper spheres of activities based upon Federal, State, and local concerns. This was absolutely essential for three reasons: (1) To enable a new form of government to succeed in a nation of continental proportions; (2) to provide governmental bodies appropriate to different levels—Federal, State, and local; and (3) to place the exercise of government as close to the people as possible.

A second feature closely related to the first is the distribution of power geographically among Federal, State, and local bodies and structurally among the three branches of the Federal Government.

The wisdom of the political theories upon which the Founding Fathers built this Nation has been amply demonstrated over the years of the country's growth and development into the richest and most productive in the world.

But recent years have seen the evolution of a widespread drift away from the original American principles of a federal republic. The power of the Federal Government has been expanded to an extent that would have been unbelievable a few years ago.

Through this increase of Federal power, many forms of free competition and productive private capital are being destroyed. By price fixing and profit control, the Government is eliminating possibly our greatest claim to progress—free competition. By taxation and subsidization of industry, the Government can corrupt the public with the public's own money.

Two political axioms spell out the basis for still greater inroads by the Federal Government into the lives of every citizen, every business, every individual—liberty or freedom.

The power to tax is the power to destroy. The right to subsidize is the right to control.

Those two truths, in and of themselves, are sufficient, if applied by unchecked and uncontrolled Federal Government, to provide the obituary of the American way of life as we have known it.

And so, Mr. President, realizing this danger and the need for an evaluation of our Government, I am introducing this bill to create a Legislative Bureau of Credit and Review which would find ways to cut the Federal Government down to size and report those findings back to Congress with specific recommendations.

The agency which I seek to create would be an independent arm of the legislative branch of Government and would be charged with a continuing audit, analysis, and review of the programs and projects of the Federal Government with respect to the elimination of unnecessary activities and for returning to State and local governments or other agencies, private or public, such activities as they can perform with greater economy and efficiency than the Federal Government. I believe this to be one answer to the growing riddle of how to maintain individual liberty and at the same time a strong nation.

The need for one, overall sweeping evaluation of Federal activities on a continuous basis is increasingly becoming apparent. Therefore, I contend that we cannot achieve any degree of success by investigating Government piecemeal. Congress must be provided with the right tools to do the job.

Let me say that in presenting this bill, I hope it will be given the most thoughtful consideration of taxpayers and citizens. It is a bill to protect their interests and to permit us in the Congress to give them the breaks they deserve.

Between now and next January when the new Congress convenes, I hope to receive the constructive views of those interested in assisting so that we may perfect this plan through adoption of those ideas which may have escaped my attention. A great deal is involved and much is at stake in this bill to reverse the trend toward socialism.

[S. 3482, 82d Cong., 2d sess.]

[By Senator HOMER FERGUSON]

A BILL To establish a legislative bureau for the audit, analysis and review of Federal government programs and projects for the purpose of making recommendations to the Congress with respect to the elimination of unnecessary, wasteful, and extravagant activities and for returning to state and local governments or other agencies, public or private, those government activities which they can perform with greater economy and efficiency than the Federal government

DECLARATION OF POLICY

SECTION 1. It is hereby declared to be the policy of the Congress to curtail unnecessary and duplicating projects and programs of the Federal Government, to reduce the cost of maintaining and operating the Federal Government, to restore to State and local governments the powers which were reserved to them under the Constitution but which have been gradually assumed by the Federal Government, and to leave to the States sufficient sources of revenue to enable them to carry out their responsibilities, by eliminating those activities now being performed by the Federal Government (*a*) which are no longer essential, desirable, useful, or productive, (*b*) the benefits from which are not commensurate with the costs involved, (*c*) which can be performed more efficiently or economically by State and local governments or other agencies, public or private, and (*d*) the performance of which by State or other governmental units is closer to and more responsive to the people as they determine their local needs and which would be more consistent with American principles.

DUTIES OF LEGISLATIVE BUREAU OF AUDIT AND REVIEW

SEC. 2. There is created an establishment of the Government to be known as the Legislative Bureau of Audit and Review, and which shall be independent of the executive department, and under the control and direction of a legislative commissioner. This Bureau shall make a continuing and comprehensive audit, analysis and review of existing activities of the Federal Government, and of relationships between the Federal Government and State and local governments, and upon the basis thereof to make recommendations with respect to the enactment of such legislation, the proposal of such constitutional amendments, and the taking of such other action as may be necessary to carry out the policies expressed in section 1.

APPOINTMENT OF LEGISLATIVE COMMISSIONER AND DEPUTY LEGISLATIVE
COMMISSIONER

SEC. 3. (a) There shall be in the Legislative Bureau of Audit and Review a Legislative Commissioner and a Deputy Legislative Commissioner, who shall be appointed jointly by the President pro tempore of the Senate and the Speaker of the House with the advice and consent of the Senate, and they shall receive such compensation as may be determined from time to time by the Congress. The Deputy Legislative Commissioner shall not be of the same political party as the Legislative Commissioner, and he shall perform such duties as may be assigned to him by the Legislative Commissioner, and during the absence or incapacity of the Legislative Commissioner, or during a vacancy in that office, shall act as Legislative Commissioner.

(b) Except as hereinafter provided in this section, the Legislative Commissioner and the Deputy Legislative Commissioner shall hold office for 2 years. The Legislative Commissioner or the Deputy Legislative Commissioner may be removed at any time by joint resolution of Congress after notice and hearing, when, in the judgment of Congress, the Legislative Commissioner or Deputy Legislative Commissioner has become permanently incapacitated or has been inefficient, or guilty of neglect of duty, or of malfeasance in office, or of any felony or conduct involving moral turpitude and for no other cause and in no other manner except by impeachment.

When a Legislative Commissioner or Deputy Legislative Commissioner attains the age of 70 years, he shall be retired from his office.

STAFF OF THE LEGISLATIVE BUREAU

SEC. 4. The Legislative Commissioner shall have power to appoint and fix the compensation of such personnel as he deems advisable, in accordance with the provisions of the civil service laws and the Classification Act of 1949. The Legislative Commissioner also may procure, without regard to the civil service laws and the Classification Act of 1949, temporary and intermittent services to the same extent as is authorized for the departments by section 15 of the act entitled "An Act to authorize certain administrative expenses in the Government services, and for other purposes," approved August 2, 1946 (5 U. S. C., sec. 22a), but at rates not to exceed \$50 per diem for individuals.

EXPENSES OF THE LEGISLATIVE BUREAU

SEC. 5. There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this act.

POWERS OF THE LEGISLATIVE COMMISSIONER

SEC. 6. (a) The Legislative Commissioner, or any member of the Bureau authorized by the Legislative Commissioner, may, for the purpose of carrying out the provisions of this act, hold such hearings and sit and act at such times and places, and take such testimony, as the Legislative Commissioner or such Bureau member may deem advisable. Any Bureau member may administer oaths or affirmations to witnesses appearing before the Legislative Commissioner or before such member.

(b) The Legislative Commissioner is authorized to secure directly from any executive department, bureau, board, commission, office, independent establishment, or instrumentality information, suggestions, estimates, and statistics for the purpose of this act; and each such department, bureau, agency, board, commission, office, establishment, or instrumentality is authorized and directed to furnish such information, suggestions, estimates, and statistics directly to the Commissioner upon request made by the Legislative Commissioner or the Deputy Legislative Commissioner.

REPORTS TO THE CONGRESS

SEC. 7. The Legislative Commissioner shall transmit to the Congress from time to time reports on his activities under this act.

JOINT STATEMENT BY SENATOR HOMER FERGUSON, OF MICHIGAN, AND REPRESENTATIVE CLARENCE J. BROWN, OF OHIO, ON INTRODUCTION OF A BILL FOR THE ESTABLISHMENT OF THE COMMISSION ON ORGANIZATION OF THE EXECUTIVE BRANCH OF THE GOVERNMENT (S. 106. H. R. 992)

The legislation which we are jointly introducing in the House and Senate today will add another important weapon to the battle for preservation of our American way of life. It will provide for a new and wider study of the methods for bringing greater economy and efficiency in the conduct of public business.

In brief, the bill provides for the establishment of a new commission to survey the Federal Government, but with important and major differences from the original 1947 Hoover Commission. The Commission, composed of 12 members, 4 each appointed by the President, the Speaker of the House of Representatives, and the President of the Senate, will conduct a thorough and intensive study of the Federal Government and report its findings to the Congress next year.

The most important aspect of this Commission lies in the purposes of its investigations, which differ considerably from the aims which guided the original Commission on organization of the executive branch of the Government.

This Commission will explore and investigate the services, activities, and functions of the Federal Government with a view to "abolishing services, activities, and functions not necessary to the efficient conduct of government; eliminating services, functions, and activities more properly within the jurisdiction of State and local governments, and, eliminating nonessential services, functions, and activities which are competitive with private enterprise."

The Commission will conduct a long-range study of the fundamental activities of our Federal Government and its relationships with State and local governments. It will open new ground in surveying the relationships between the levels of American government * * * a field not covered by the Hoover Commission or any other Government reorganization effort.

It should be pointed out that the Commission will make recommendations, based on the results of its investigations, to the Congress and the Congress has complete authority to accept or reject those recommendations. The Commission will be widely representative and the sponsors contemplate that its members shall be men (or women) of outstanding ability and wide experience who would be chosen solely for their ability and qualifications for the job.

Ours is a government of limited powers and the Founding Fathers were definite and explicit in separating our total government into proper spheres of action based on matters of Federal, State, or local concern. The Founding Fathers were also concerned lest the Government enter fields reserved to the individual. Recent years have seen the development of a widespread shift away from this division of powers. The Federal Government has poached on the activities of the States, the local governments, and the private citizen to an ever-increasing extent. This Commission would study that field of relationship and the sponsors feel that such a study would be of tremendous value in straightening out the tangles of intergovernmental relations, and that the work of this Commission can produce results which will strengthen and fortify our free heritage.

The Commission we propose will in no way conflict with the immediate, short-range study of Government reorganization which President-elect Eisenhower has set in motion. The Commission would observe the activities of the President's committee, aid and strengthen their recommendations and carry on beyond the scope of that group. This Commission, would use the recommendations of the Hoover Commission as a starting point but would enlarge on them and go beyond them, since that group limited its studies to the efficient operation of the Government without considering the nature and purpose of the activities of the Government.

The need for an overall evaluation of Federal activities is compelling and we believe the Commission provided in this legislation to be a loud and clear answer to the growing riddle of how to maintain individual liberty and at the same time maintain a strong Nation.

We feel certain that the members of the Commission will be men of the same high caliber as those who served on the Hoover Commission and under their leadership great benefits can arise from the work of the Commission. The Nation will derive much greater economy and efficiency in their Government.

Senator Homer Ferguson, of Michigan, and Representative Clarence J. Brown, of Ohio, introduce the following bill:

A BILL For the establishment of the Commission on Organization of the Executive Branch of the Government

DECLARATION OF POLICY

SECTION 1. It is hereby declared to be the policy of Congress to promote economy, efficiency, and improved service in the transaction of the public business in the departments, bureaus, agencies, boards, commissions, offices, independent establishments, and instrumentalities of the executive branch of the Government by—

- (1) limiting expenditures to the lowest amount consistent with the efficient performance of essential services, activities, and functions;
- (2) eliminating duplication and overlapping of services, activities, and functions;
- (3) consolidating services, activities, and functions of a similar nature;
- (4) abolishing services, activities, and functions not necessary to the efficient conduct of government;
- (5) defining and limiting executive functions, services, and activities;
- (6) eliminating services, functions, and activities more properly within the jurisdiction of State and local governments;
- (7) eliminating nonessential services, functions, and activities which are competitive with private enterprise;
- (8) postponing expenditures during periods of heavy defense commitments where deferral will not impair essential functioning of government;
- (9) defining responsibilities of officials; and
- (10) relocating agencies now responsible directly to the President in departments or other agencies.

ESTABLISHMENT OF THE COMMISSION ON ORGANIZATION OF THE EXECUTIVE BRANCH

SEC. 2. For the purpose of carrying out the policy set forth in section 1 of this Act, there is hereby established a commission to be known as the Commission on Organization of the Executive Branch of the Government (in this Act referred to as the "Commission").

MEMBERSHIP OF THE COMMISSION

SEC. 3. (a) NUMBER AND APPOINTMENT.—The Commission shall be composed of twelve members, as follows:

- (1) Four appointed by the President of the United States, two from the executive branch of the Government and two from private life;
- (2) Four appointed by the President pro tempore of the Senate, two from the Senate and two from private life; and
- (3) Four appointed by the Speaker of the House of Representatives, two from the House of Representatives and two from private life.

(b) QUALIFICATIONS OF MEMBERS. Of each class of four members appointed under paragraphs (1), (2) and (3) of subsection (a), respectively, one member, if available, shall have served on the Commission established pursuant to the act entitled "An Act for the Establishment of the Commission on Organization of the Executive Branch of the Government", approved July 7, 1947.

(c) VACANCIES.—Any vacancy in the Commission shall not affect its powers, but shall be filled in the same manner in which the original appointment was made.

ORGANIZATION OF THE COMMISSION

SEC. 4. The Commission shall elect a Chairman and a Vice Chairman from among its members.

QUORUM

SEC. 5. Seven Members of the Commission shall constitute a quorum.

COMPENSATION OF MEMBERS OF THE COMMISSION

SEC. 6. (a) MEMBERS OF CONGRESS.—Members of Congress who are members of the Commission shall serve without compensation in addition to that received for their services as Members of Congress; but they shall be reimbursed

for travel, subsistence, and other necessary expenses incurred by them in the performance of the duties vested in the Commission.

(b) **MEMBERS FROM THE EXECUTIVE BRANCH.**—The members of the Commission who are in the executive branch of the Government shall serve without compensation in addition to that received for their services in the executive branch, but they shall be reimbursed for travel, subsistence, and other necessary expenses incurred by them in the performance of the duties vested in the Commission.

(c) **MEMBERS FROM PRIVATE LIFE.**—The members from private life shall each receive \$75 per diem when engaged in the actual performance of duties vested in the Commission, plus reimbursement for travel, subsistence, and other necessary expenses incurred by them in the performance of such duties.

STAFF OF THE COMMISSION

SEC. 7. The Commission shall have power to appoint and fix the compensation of such personnel as it deems advisable, in accordance with the provisions of the civil service laws and the Classification Act of 1923, as amended.

EXPENSES OF THE COMMISSION

SEC. 8. There is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, so much as may be necessary to carry out the provisions of this Act.

EXPIRATION OF THE COMMISSION

SEC. 9. Ninety days after the submission to the Congress of the report provided for in section 10 (b), the Commission shall cease to exist.

DUTIES OF THE COMMISSION

SEC. 10. (a) INVESTIGATION.—The Commission shall study and investigate the present organization and methods of operation of all departments, bureaus, agencies, boards, commissions, offices, independent establishments, and instrumentalities of the executive branch of the government, to determine what changes therein are necessary in their opinion to accomplish the purposes set forth in section 1 of this Act.

(b) **REPORT.**—The Commission shall make a report of its findings and recommendations to the Congress not later than February 1st, 1954.

POWERS OF THE COMMISSION

SEC. 11. (a) HEARINGS AND SESSIONS.—The Commission, or any member thereof, may for the purpose of carrying out the provisions of this Act, hold such hearings and sit and act at such times and places, and take such testimony, as the Commission or such member may deem advisable. Any member of the Commission may administer oaths or affirmations to witnesses appearing before the Commission or before such member.

(b) **OBTAINING OFFICIAL DATA.**—The Commission is authorized to secure directly from any executive department, bureau, agency, board, commission, office, independent establishment, or instrumentality information, suggestions, estimates, and statistics for the purpose of this Act; and each department, bureau, agency, board, commission, office, establishment, or instrumentality is authorized and directed to furnish such information, suggestions, estimates, and statistics directly to the Commission, upon request made by the Chairman or Vice Chairman.

Senator FERGUSON. There are several suggestions which I would like to make in connection with S. 106: (1) that the Commission be allowed to hire experts and consultants on a per diem basis; (2) that the employment be not subject to the civil-service rules; and (3) on page 5, line 7, the date should be 1949 instead of 1923. I hope these changes can be made.

I will remain here, and I would be glad to answer any questions. But I do want to stress that I think it is very important that two

Commissions be formed. I agree that they should not be for long terms; that it is a good idea to keep them in a position where Congress can, after all, control the length of time that they are going to be acting upon this. It will also help in getting a program actually under way.

I want to say this in closing, that this in no way conflicts with the temporary activity and work of the present Rockefeller committee that has been named by the President. This has been discussed with the Executive, and it is understood that they have certain things in mind which they will bring up. And this will in no way conflict with that. I am sure these two Commissions can avoid any conflict or duplication.

Senator TAFT. Senator, would you yield?

I have always rather supposed that the President would appoint Messrs. Rockefeller, Eisenhower, and Flemming on this Commission, so that it really would take over their work and go on on a more permanent basis.

Senator FERGUSON. I think that we can get larger savings by a commission studying functions than we could by just reorganization and consolidation. I have discovered, as a member of the Appropriations Committee, that consolidating and reorganizing a bureau does not always result in savings. In fact, many times it costs even more to reorganize and certainly more than if they were to abolish functions and get away from the bigness of Government.

The CHAIRMAN. May I ask this question, Senator: How much do you anticipate by way of expenditures under this bill of yours if passed? What is, roughly, the size of the staff you have anticipated to be used? I assume if the Commission is to do a good job it will need a very sizable staff and considerable in the way of expenditure.

Representative BROWN. Mr. Chairman, it might be of some help to you to say to you that the appropriation for the Hoover Commission was, if I remember rightly, \$1,900,000, a portion of which was returned. It was the only Commission in the history of the Nation that started on time and stopped on time. It was not continued, and it did return part of the money to the Treasury.

I wonder if I may have the privilege, Mr. Chairman, of placing a hastily prepared statement of my own in the record, and two communications that were referred to me for the use of the committee?

The CHAIRMAN. They will be received.

(The material referred to is as follows:)

STATEMENT OF HON. CLARENCE J. BROWN, MEMBER OF THE HOUSE OF REPRESENTATIVES FROM OHIO, RELATIVE TO S. 106 AND S. 1514

Mr. Chairman, I am grateful to your committee for the opportunity you have given me to make a statement concerning S. 106 and S. 1514.

As I am sure most of you know, I have—for a long, long time—been deeply interested in the proper organization of our Federal Government, and, as a Member of Congress, have devoted much of my time and attention to Government organization matters and problems.

If you will pardon the personal reference, you may recall that I wrote and sponsored the original legislation—which I introduced in the House in early January 1947 and which was later introduced in the Senate as a companion bill by Senator Henry Cabot Lodge, of Massachusetts—to create the Commission on Organization of the Executive Branch of the Government.

This bill—H. R. 775, which later became Public Law 162—passed both the House and Senate by unanimous votes. The Commission was organized by the

selection of our only living ex-President of that day, Hon. Herbert Hoover, to serve as its chairman. Because of the great leadership which he demonstrated in directing the work of the Commission on the Organization of the Executive Branch of the Government, it soon took on the popular name of the Hoover Commission.

The work and activities of the Hoover Commission were limited to the study of the organizational structure of the executive branch of the Government, and to the ways and means by which greater economy and efficiency could be obtained in the conduct of the public business.

The original Hoover Commission had no authority except to make recommendations as to how those things which were being done by the executive branch of the Federal Government could be done more efficiently and economically. The Commission had no authority to go into matters of policy, or to suggest or recommend that the Government should or should not, as a matter of policy, engage in any particular activity.

The original Hoover Commission had no authority to discuss functions of the Federal Government, or the essentiality or necessity thereof.

For nearly 2 years, the Commission on the Organization of the Executive Branch of the Government—better known as the Hoover Commission—made a careful study and survey of the various departments, agencies, and instrumentalities of the Federal Government. In this work, the 12-man Commission was aided and assisted by some 24 or 25 task forces, made up of more than 300 outstanding Americans.

The Commission concluded its work in June of 1949, after submitting more than 300 recommendations as to how greater economy and efficiency in the operation of the executive branch of the Government, as it then existed, might be obtained.

I believe it will be found that more than 55 percent of the recommendations submitted to the Congress by the Hoover Commission have been put into effect in one form or another.

It is difficult, of course, to say for an absolute certainty just what savings have been accomplished as a result of the work of the Hoover Commission. However, it's safe to say that savings of at least \$1½ billion per year in the operational costs of government have been brought about by the adoption of the Hoover Commission recommendations. Some students of government judge the savings coming from the Hoover Commission recommendations to be as high as \$2½ billions a year.

It is also estimated that, if the recommendations of the Hoover Commission not yet adopted are put into effect, additional savings of anywhere from 2 to 3 billion a year can be made in the conduct of our Federal business.

I am happy to see that President Eisenhower is submitting additional reorganization plans, stemming from the Hoover Commission recommendations, to the present Congress for its consideration.

May I digress for a moment to point out that the entire work of the Hoover Commission cost less than \$2 million; that the Commission concluded its business and went out of existence on schedule; and that when the Commission concluded its work, it returned a substantial portion of its appropriations to the Federal Treasury.

I would also like to add that never once in its deliberations did the so-called Hoover Commission have any division along partisan lines, or between the public officials and those who served from private life as members of the Commission. Those who served on the Hoover Commission and its task forces did so unselfishly in the best American tradition in an endeavor to place the executive branch of the Government on a more efficient and economical basis.

S. 106, introduced by Senator Ferguson, and H. R. 992, introduced in the House by myself, are companion bills calling for the establishment of a new Commission on the Organization of the Executive Branch of the Government for the purpose of greater economy, efficiency, and improved service in the transaction of the public business by the executive branch of the Government by—

- (1) Limiting expenditures to the lowest amount consistent with the efficient performance of essential services, activities, and functions;
- (2) Eliminating duplication and overlapping of services, activities, and functions;
- (3) Consolidating services, activities, and functions of a similar nature;
- (4) Abolishing services, activities, and functions not necessary to the efficient conduct of Government;

- (5) Defining and limiting executive functions, services, and activities;
- (6) Eliminating services, functions, and activities more properly within the jurisdiction of State and local governments;
- (7) Eliminating nonessential services, functions, and activities which are competitive with private enterprise;
- (8) Postponing expenditures during periods of heavy defense commitments where deferral will not impair essential functioning of Government;
- (9) Defining responsibilities of officials; and
- (10) Relocating agencies now responsible directly to the President in departments or other agencies.

Of course, S. 106 is the only 1 of these 2 bills now before your committee.

The new Commission, if created, will be authorized to go into the functions and policies of the Federal Government, which the original Hoover Commission could not do. I learned, as a member of the original Hoover Commission—as did the other members of that Commission—that the greatest opportunities for savings in the conduct of the public business were to be found in the field of governmental functions and policies, rather than in the more straitjacketed field of operational procedure only.

This new Commission, as provided in S. 106 and H. R. 992, if created, would in no way interfere with President Eisenhower's present program of submitting reorganization plans to the Congress, which are primarily based upon the recommendations made by the original Hoover Commission.

The present reorganization plans being submitted by the President are a part of a short-range program of governmental reorganization. The program of Government reorganization and planning under the legislation proposed by Senator Ferguson and myself would be a long-range one.

It is my thought that the new Commission, if created, would go into matters of Government functions and policies, and would recommend to the Congress how additional savings could be made by the proper adoption, elimination, or changing of Government functions and policies. In other words, the Commission would not only go into how we can get greater economy and efficiency in the actual operation of the executive branch of our Government but whether or not the Federal Government should engage in certain functions or follow certain policies—and if so, under what limitations and restrictions.

I think I should point out that this Commission would, in no way, have any power to act or to make any definite decisions. All it would do would be to study the problems of Federal organization, and, in turn, give to the Congress and to the President its beliefs, suggestions, and recommendations as to how we can better our Government. The Congress and the President, of course, would be free to accept or reject any recommendation or suggestion the Commission might make, or to change such recommendations in any way which might be desirable.

The work of such a Commission would be of great benefit to the Congress and to the President, as well as to the general public.

The Hoover Commission, its work and recommendations, created great public interest. It awakened the American people to the need for better organization in our Government, and to the need for greater economy and efficiency in the handling of our public affairs. It did for the Congress work that the Congress would find difficult to do for itself, for Members of Congress are exceptionally busy people who do not have the time to make a reflective study of Government operations and procedures and functions and policies.

The Commission which Senator Ferguson and I propose would be an arm of the Congress, and it would also be representative of the President.

The membership of the Commission should be made up of the most qualified citizens of our Republic. No man or no woman should be too big or too important to accept an assignment on this Commission, for certainly there is no greater need or greater responsibility facing us today than that of putting our Federal Government on a sound, economical, and efficient basis.

I question that there is any real conflict between S. 106 and S. 1514. In fact, I believe that S. 106 could be adopted in its entirety, and the Commission created thereunder function fully, without in any way interfering with the work of the Commission which might be provided under S. 1514.

The only possible conflict between the two groups or commissions might come because of those provisions in item (6), section I, in lines 11, 12, and 13 on page 2 of S. 106.

Certainly it is not my desire—and I am sure it is not the desire of Senator Ferguson—to, in any way, interfere with the expressed desire of President

Eisenhower to have a special study made of the proper role of the Government in its relations to the States and their political subdivisions in the field of Federal aid, the need therefor, the possible limitations to be invoked, etc. However, if there is any conflict of interest or responsibility between the two Commissions proposed, I am sure such can be cleared up by the adoption of simple amendments to S. 106.

While I am primarily before you to urge your consideration of S. 106 and hope that it will be favorably reported by your committee, either in its present form or properly amended form, I also strongly favor S. 1514 and the purpose for which it has been introduced.

STATEMENT OF WILLIAM JACKMAN, PRESIDENT, THE INVESTORS LEAGUE, INC.

I am William Jackman, president of the Investors League, Inc., with headquarters at 175 Fifth Avenue, New York 10, N. Y. The league I represent is the oldest and most successful organization of investors, with thousands of members residing in every State of the Union. It is an organization of investors, both small and large, who make up the backbone of our private-enterprise system which is, in turn, the backbone of our national economy.

The national advisory board of the Investors League is represented by 45 States, consisting of 80 individuals, and it is what might be termed a grassroots organization. The policies and program of the league are determined by its membership, advisory board, and board of directors.

During the month of March 1953 I made a speaking tour across the country, during which I addressed chambers of commerce, service clubs, and made numerous radio broadcasts on the Ferguson-Brown bill (S. 106 and H. R. 992). As a result, many of the clubs I addressed have adopted resolutions approving the bill and expressing their support.

The tremendous amount of mail we have received from all over the country, by virtue of this tour, would indicate wholehearted support by Americans in every walk of life. Many of them used the expression that the enactment of this legislation would be one of the finest roadblocks against socialism.

The Investors League, however, is particularly interested in that phase of the investigation covered by the bill which would show the extent to which the Government has taken over business operations which can be, and should be, handled by private organizations. It is our feeling that when this investigation has been completed it is very likely to occur to Congress that if the vast properties now owned by the Government were sold to private interests the results would be most constructive from the standpoint of the national debt and tax revenues. In other words, if the proceeds from the sale of these properties were utilized exclusively to pay off a portion of the Government debt the reduction, we believe, would be substantial.

Obviously, thereafter, the Federal budget would not need to include interest on that portion of the Federal debt which had been retired by the properties operating under private ownership, and would yield very large sums of new taxes which the Government has heretofore not received. These additional taxes should, of course, result in a reduction in tax rates all along the line.

Completely separate and apart from the tax features of these bills is the fact that they are in line with the league's basic objectives in helping to maintain the private-enterprise system.

It is well known that private operating enterprises cannot compete with Government-owned concerns for two very good reasons: One is that the Government-owned enterprises are free from taxation, and the other is that the funds necessary to keep them in operation and allow for growth in the case of the Government-owned concern comes from the taxpayers rather than the investor-public.

If our private-enterprise system is to serve the public well, the competitive conditions under which it operates must not only be fair but it must be similar in all instances. In other words, the same rules must apply to all. Obviously, if one group of organizations has definite advantages, the tendency is to weaken the other.

It might well be that if the Commission should recommend the sale of certain properties, recognition should be made of the effect of such sale on our economy and the financial markets. It should be readily understood that the sale of such properties should not be wholesale but rather on a piecemeal basis.

For instance, it is our belief that the synthetic-rubber industry could readily be absorbed by the rubber companies. Certain of the electric projects should be absorbed by the utility companies. In neither of these instances would the economy or financial markets be adversely affected.

Behind the framework of our entire economy in the United States, as you know, lies the system sometimes referred to as the capitalistic system and sometimes the private-enterprise system. This system must stand if the country as we know it is to stand, if future generations are to have the comforts and benefits we have enjoyed in the past and are enjoying today. There is no escape from that fact. I know it, you know it, and every member of the Investors League knows it.

Anything and everything that can be done to preserve the private-enterprise system is of concern to the investing public, for we must not lose sight of the fact that someone has to put up an average of \$12,000 to put a man to work.

Therefore, we consider the Ferguson-Brown bill a step in the right direction, because basically it recognizes the free-enterprise system and creates a roadblock to further encroachment in the field of business by Government.

There are, of course, Government enterprises which are not, in the truest sense, competitive with private enterprise, and these should remain Government projects, making certain, however, that the products of these enterprises do not compete with taxpaying enterprise.

There is an abundance of venture capital available that would readily be forthcoming if (1) steps are taken by the Federal Government to prevent the encroachment of Government with taxpaying enterprise, (2) tax adjustments that could be made by the enactment of this legislation, and (3) public interest would be better served by private ownership than by Government ownership.

STATEMENT OF STEVE STAILL, COORDINATOR OF THE NATIONAL CONFERENCE
OF STATE TAXPAYER EXECUTIVES

On January 27, 1953, the National Conference of State Taxpayer Executives, comprising executives of 38 State taxpayer organizations, adopted a series of objectives for its 1953 program.

Among the objectives was the following:

"Creation of a commission to determine the proper functions of government and their financing."

On the basis of this declared objective, the national conference is supporting such legislation as would implement it, including:

1. S. 1514, Senator Taft, Ohio; and H. R. 4406, Representative Halleck, Indiana; which would establish a Commission on Governmental Functions and Fiscal Resources.

2. S. 106, Senator Ferguson, Michigan; and H. R. 992, Representative Brown, Ohio; which would establish a Commission on Organization of the Executive Branch of the Government.

It is the belief of the national conference that either or both of these two measures could be the starting place for a complete overhaul of the functions of government, including the difficult problems of Federal-State relations, Federal-aid programs, and Federal versus State use of available revenue sources.

Senator HENDRICKSON. Mr. Chairman, I would not want to forget, in this effort that we are making, those of us who, in the past, have given of their time and energy toward the establishment of this Commission. I had the Library of Congress prepare for the record here today a history of the "Legislative Effort to Establish a National Commission on Intergovernmental Relations." It sets forth in detail the names of all the distinguished Members of Congress since the 80th Congress who have contributed in any measure to the acceleration of this effort.

You will remember, of course, in the 81st Congress, we had some 5 or 6 bills submitted in the Senate, and several in the House, and many of our distinguished colleagues were responsible for those bills. And I would not want them to be forgotten in this effort we are making here today. So I ask unanimous consent that this be made a part of the record.

The CHAIRMAN. Without objection, it will be received.
(The material referred to follows:)

THE LIBRARY OF CONGRESS,
LEGISLATIVE REFERENCE SERVICE,
Washington, D. C., February 25, 1953.

LEGISLATIVE EFFORT TO ESTABLISH A NATIONAL COMMISSION ON
INTERGOVERNMENTAL RELATIONS

80TH CONGRESS, 1947-48

The first proposal in the Congress to establish a Commission To Study Intergovernmental Fiscal Relations was proposed in Senate Joint Resolution 90, 80th Congress, 1st session, introduced in the Senate on March 18, 1947, by Senator O'Connor. This joint resolution was referred to the Senate Committee on Expenditures in the Executive Departments and no further action was taken by the Committee during the 80th Congress.

81ST CONGRESS, 1949-50

On March 25, 1949, the Commission on Organization of the Executive Branch of the Government (Hoover Commission), submitted their report on Federal-State relations to the Congress which contained the following recommendation: "We recommend, * * * that a continuing agency on Federal-State relations be created with primary responsibility for study, information, and guidance in the field of Federal-State relations."¹

The related task force report on Federal-State relations which accompanied the above-mentioned report was prepared for the Hoover Commission by the Council of State Governments and was published as Senate Document 81, of the 81st Congress. This report contains a detailed history of, and the recent developments in Federal-State relations. The report also proposes recommendations for a program for the States and a program for the National Government.²

The following bills to establish a temporary National Commission on Intergovernmental Relations were introduced in the Senate and House of Representatives during the first session of the 81st Congress:

Senate Joint Resolution 41. Introduced by Senator O'Connor; January 27, 1949.

S. 767. Introduced by Senators Bricker and O'Connor; February 3, 1949.

S. 810. Introduced by Senator Hendrickson and others; February 9, 1949.

S. 1946. Introduced by Senator Taylor and others (including Senator Hendrickson); May 26, 1949.

S. 3147. Introduced by Senator Humphrey and others (including Senator Hendrickson); February 28, 1950.

H. R. 2389. Introduced by Mr. Boggs of Delaware; February 7, 1949.

H. R. 3184. Introduced by Mr. Harvey; March 3, 1949.

H. R. 3944. Introduced by Mr. Secrest; March 31, 1949.

H. R. 4507. Introduced by Mr. Bonner; May 3, 1949.

These bills were referred respectively to the Senate and House Committees on Expenditures in the Executive Departments and joint hearings were held before the Subcommittees on Intergovernmental Relations during May 1949. Senator Robert C. Hendrickson appeared before the committee on May 9, 1949, and testified in behalf of S. 810, which he introduced.³

Subsequent to the joint hearings before the Subcommittees on Intergovernmental Relations, new bills which superseded the earlier bills were introduced by a number of Senators, including Senator Hendrickson. S. 1946 was introduced on June 13, 1949, and S. 3147 on February 28, 1950.

S. 3147 was reported to the Senate with amendments on June 22, 1950, with recommendations that the bill be passed (S. Rept. 1856, 81st Cong., 2d sess.).

¹ S. Doc. 81, 81st Cong., 1st sess., p. 36.

² Federal-State Relations by the Council of State Governments. S. Doc. 81, 81st Cong., pp. 133-134.

³ Joint hearings before the Subcommittees on Intergovernmental Relations of the Committee on Expenditures in the Executive Departments, Senate of the United States and House of Representatives, 81st Cong., 1st sess., on S. J. Res. 41, S. 767, S. 810, H. R. 2389, H. R. 3184, H. R. 3944, and H. R. 4507 (May 9, 10, 11, 12, and 13 1949, p. 15).

S. 3147 came before the Senate on September 13 and December 15, 1950, but was objected to on each occasion and did not pass.⁴

82D CONGRESS, 1951-52

The following bills to establish a National Commission on Intergovernmental Relations were again introduced during the 82d Congress:

- S. 437. Introduced by Senator Hendrickson and others; January 11, 1951.
- S. 487. Introduced by Senator Bricker; January 16, 1951.
- S. 836. Introduced by Senator Humphrey; February 8, 1951.
- S. 1146. Introduced by Senator O'Connor and others; including Senator Hendrickson; March 15, 1951.
- H. R. 13. Introduced by Mr. Boggs of Delaware; January 3, 1951.
- H. R. 41. Introduced by Mr. Coudert; January 3, 1951.
- H. R. 391. Introduced by Mr. Secrest; January 3, 1951.
- H. R. 3303. Introduced by Mr. Hoffman of Michigan; March 19, 1951.
- H. R. 3683. Introduced by Mr. Dawson; April 12, 1951.
- H. R. 5251. Introduced by Mr. Ostertag; August 20, 1951.
- H. R. 7130. Introduced by Mr. Rains; March 19, 1952.

These bills were again referred to the Senate and House Committees on Expenditures in the Executive Departments for consideration. The House committee held the following hearings on March 12, 1952, at which time a number of State officials testified on these proposals:

House Committee on Expenditures in the Executive Departments. National Commission on Intergovernmental Relations, hearings before the Intergovernmental Relations Subcommittee, 82d Congress, 2d session, on H. R. 3683, H. R. 5251, H. R. 3303, H. R. 391, and H. R. 13. March 12, 1952.

No further action was taken by the House committee during the 82d Congress.

The Senate bills were referred to the Subcommittee on Organization of the Senate Committee on Expenditures in the Executive Departments. Executive hearings were held before the subcommittee on these bills on May 31, 1951 (not printed). On July 2, 1951, the Subcommittee on Reorganization agreed to recommend to the full committee that S. 1146 be reported favorably, with amendments, and on July 10, 1951, the subcommittee submitted the above recommendation to the full committee which ordered it reported favorably, with amendments. S. 1146 was reported with amendments on July 12, 1951⁵ (S. Rept. 544, 82d Cong.).

S. 1146 passed the Senate on July 23, 1951,⁶ and was referred to the House Committee on Expenditures in the Executive Departments on July 24, 1951.⁷ On July 24, 1951, on motion of Senator Ellender, the Senate requested the return of S. 1146.⁸ On July 25, 1951, the House Committee on Expenditures in the Executive Departments was discharged from further consideration and the bill was returned to the Senate and placed on the "Motions for Reconsideration" calendar.⁹ No further action was taken in the 82d Congress.

83D CONGRESS, 1953

On January 16, 1953, Senator Hendrickson introduced S. 526, a bill to establish a National Commission on Intergovernmental Relations which is now pending before the Committee on Government Operations.

*References to remarks by Senator Hendrickson relative to establishing a National Commission on Intergovernmental Relations*¹⁰

Commission on Intergovernmental Relations, remarks by Senator Hendrickson on February 7, 1949, relative to S. 810. Congressional Record, volume 95, pages 828-830.

Remarks by Senator Hendrickson, April 26, 1950. Congressional Record, volume 96, page 5751.

Remarks by Senator Hendrickson, January 11, 1951. Congressional Record, volume 97, pages 131-133.

⁴ 81st Cong., 2d sess., Record, vol. 96, pp. 14697, 16598.

⁵ Senate Committee on Government Operations. Calendar, 82d Cong., July 31, 1952, No. 6, p. 21.

⁶ Congressional Record, vol. 97, p. 8646.

⁷ Congressional Record, vol. 97, p. 8803.

⁸ Congressional Record, vol. 97, p. 8841.

⁹ Congressional Record, vol. 97, p. 8864.

¹⁰ See pp. 26, 27, 29, 32, 36 of this hearing for context of speeches cited.

Remarks by Senator Hendrickson, July 23, 1951. Congressional Record, volume 97, pages 8646-8649.

Remarks by Senator Hendrickson, January 16, 1953. Congressional Record, volume 99, pages 412, 413.

H. G. RITCHEY,
American Law Section.

The CHAIRMAN. Senator Taft, would you care to discuss the difference between your proposal and Senator Humphrey's?

Senator TAFT. I am afraid I have not studied Senator Humphrey's proposal.

Senator HENDRICKSON. Is that the one of the 81st Congress?

Mr. REYNOLDS. That is right. It is similar to S. 1146 of the last Congress, and conforms to action taken by the Committee in the 81st Congress, in reporting a committee bill, S. 3147.

The CHAIRMAN. Mr. Reynolds, for the record, this bill introduced by Senator Humphrey is an exact copy of what this committee had reported out previously?

Mr. REYNOLDS. Not exactly, but it is very similar to S. 1146 of the 82d Congress. There are minor differences, but it does conform to bill S. 3147 reported in the 81st Congress.

Senator TAFT. It is some what broader.

The CHAIRMAN. Senator Taft, may I ask you to do this: I do not want to ask you to do it just off the cuff, but in view of the fact that this is apparently really the committee's bill of last year or the year before, will you take this along with you, and Senator Hendrickson also, go over it, and compare it with your bills and see what you think about the differences?

Mr. Reynolds, does this differ in many respects from what this committee reported out previously?

Mr. REYNOLDS. No, sir.

Senator HENDRICKSON. We will be very happy to do that, Mr. Chairman.

Senator TAFT. I want to confine this thing to a somewhat narrow field, this matter of State aid, and I think this is a little bit broad. When you begin to study the relations between the National, State, and local governments, you can have a treatise of 10 volumes, if you have a staff that can set out to do it, and I question the wisdom of starting so far back in the study.

Senator SMITH. Mr. Chairman, may I ask if Senator Humphrey has been asked to appear before the committee on his bill?

The CHAIRMAN. Yes, Senator Humphrey was asked to be here today at 2 o'clock.

Senator TAFT. I think he should be given the opportunity, of course, to appear here.

The CHAIRMAN. First let me get the record straight. Mr. Reynolds, Mr. Humphrey was notified of the hearing?

Mr. REYNOLDS. Yes, sir, he was; and I have tried to locate him and was not able to.

The CHAIRMAN. In other words, his office was notified?

Mr. REYNOLDS. That is right. I also tried to reach him on the floor, at the suggestion of his office.

The CHAIRMAN. You will notify him, then, that he can appear whenever he cares to testify on the bill.

Senator HENDRICKSON. Mr. Chairman, I have one more request to make of the chairman of the committee. I have in my hand a letter from the Honorable C. Colburn Hardy, a former member of the House of Assembly of New Jersey, and he treats this whole subject with real emphasis. It will be helpful to the committee to have this letter in the record, so I ask unanimous consent that it be so incorporated.

The CHAIRMAN. Without objection, it may be received.
(The letter referred to is as follows:)

EAST ORANGE, N. J., April 19, 1953.

HON. ROBERT C. HENDRICKSON,
United States Senate, Washington, D. C.

DEAR BOB: I gather from congressional reports that your bill to study the financial relationships of Federal and local governments is being sidetracked for the Taft-Halleck bill (S. 1514). This disturbs me greatly, for your bill was far more to the point. The Taft bill is much too narrow in its concept and is going to run into all sorts of political trouble. I know that you realize the great necessity for recognizing the role and plight of cities. When one reads that the New York City budget is second only to the Federal Government's, it's obvious that any intelligent approach to this reorganization program must keep the cities as a major partner.

I am also disturbed by the tendency to leave out civic leaders. From your experience with the New Jersey constitution, you know that it is imperative that volunteers be an integral part of any program for governmental improvement. Politicians come and go but civic groups go on forever.

What I am driving at is this, Bob. How can some of us who are interested in this problem help you? I am sending a copy of this letter to Mr. Hauge and several others at the White House and also both to Mr. Taft and Mr. Halleck.

Sincerely,

C. COLBURN HARDY.

The CHAIRMAN. Is there anything further?

Senator TAFT. I have nothing further, Mr. Chairman.

Senator FERGUSON. I want to thank the committee for allowing us to appear.

Senator HENDRICKSON. I want to express my appreciation also.

Representative BROWN. On behalf of the House, we want to thank the committee.

Senator TAFT. Glad to have your assistance here. Now, I expect to have your assistance in the House committee.

The CHAIRMAN. Who is your next witness, Mr. Reynolds?

Mr. REYNOLDS. Mr. Miller.

The CHAIRMAN. Will you identify yourself? Your name is Lambert H. Miller; is that correct?

STATEMENT OF LAMBERT H. MILLER, GENERAL COUNSEL, THE NATIONAL ASSOCIATION OF MANUFACTURERS

Mr. MILLER. That is right.

The CHAIRMAN. And you are the general counsel for the National Association of Manufacturers?

Mr. MILLER. That is right, Senator.

I have copies of a statement which I prepared and would like to submit to the committee. I believe they have been made available to the members.

The CHAIRMAN. Would you prefer reading this into the record? Or would you prefer that we insert this in the record in its entirety and just cover the high points in your testimony?

Mr. MILLER. I would like to read it into the record, Senator, unless you are pressed for time. It is a general endorsement of the proposal here, and it is quite short.

The CHAIRMAN. This is a very important matter, and we are willing to take all the time necessary on it.

Mr. MILLER. Thank you.

Incidentally, this statement is directed, Senator, to Senate bill 106. I didn't realize that the hearing was to be broader and cover the other bills that are introduced, so it is primarily directed to the Ferguson bill, Senate bill 106.

The CHAIRMAN. If you would care to submit a statement on Senator Taft's, Representative Brown's, Senator Hendrickson's, and Senator Humphrey's bills at a later time, you may do that.

Mr. MILLER. Thank you.

The National Association of Manufacturers, in common with most thoughtful Americans, has long been concerned over the tremendous growth of our Federal Government and the ever-increasing tax burden necessary to support this expansion.

Representing, as we do, over 19,000 manufacturers, over 83 percent of which come within the category of small business—500 or fewer employed—your committee will understand our interest in and support of Senate bill 106, which seeks a way “to promote economy, efficiency and improved service in the transaction of the public business * * *” in the independent establishments and instrumentalities of the executive branch of the Federal Government.

Senate bill 106 would establish a 12-man Commission on Organization of the Executive Branch. The President of the United States, the President of the Senate, and the Speaker of the House are each authorized to appoint 4 of the members of this Commission. Each would appoint 2 from his respective governmental branch and 2 from private life, so that there would be 4 members from the Congress, 2 from the executive branch, and 6 members from private life.

This Commission, with such additional staff as might be necessary, would be authorized to study and investigate the present organization and methods of operation of all independent establishments and instrumentalities of the executive branch of the Government to determine what changes are necessary to accomplish the purposes set forth in section 1 of the bill.

The Commission through studies and investigation would, as outlined in section 1, seek ways and means of promoting governmental economy, efficiency, and improved services in the executive branch by—

(a) Limiting expenditures to the lowest possible amount consistent with efficient performance of essential services and functions;

(b) Eliminating or consolidating duplications or overlapping services or functions;

(c) Abolishing functions or services not necessary to the efficient conduct of government;

(d) Defining and limiting executive functions;

(e) Eliminating services and functions more properly within the jurisdiction of State and local governments;

(f) Eliminating nonessential services and functions which are competitive with private enterprise;

(g) Postponing expenditures during periods of heavy defense spending which will not impair essential functions of government;

(h) Defining officials' responsibilities and relocating agencies now directly responsible to the President in departments or other agencies.

It is difficult to see how there could be any objection to the basic principle involved in this measure. Certainly thoughtful citizens throughout the country will applaud any efforts toward cutting down the size of our Federal Government through a reappraisal of functions and elimination of duplicating and overlapping services and activities.

Businessmen in particular will approve and support such an effort for it is they who know from personal experience the difficulties of trying to keep up with the changing rules, regulations, interpretations, and decisions brought into being by a multitude of regulatory statutes. Needless to say, this burden falls heaviest on small and medium-sized companies unequipped with staff and resources to keep abreast of the rapid changes. This, of course, is in addition to the crushing tax burden which expanded government has made necessary.

The steady increase in Federal expenditures and taxes, especially in peacetime, over the past two decades is both startling and revealing. In 1932 Federal expenditures amounted to \$1.7 billion; in 1942, \$34.2 billion; in 1952, \$66.1 billion.

To the cost of the Federal Government must be added the costs of State and local government. The overall cost of all levels of government in the United States today is about \$100 billion a year. It was \$2 billion in 1913. Wars, depression, and emergencies have increased the cost and scope of government. When these crises were over, however, the public spending did not recede to the precrisis level. Each time, on a larger base, the trend continued upward.

The concentration of financial power into Federal control is shown by the following distribution of total tax collections for selected years since 1913.

	Total tax receipts	Federal share	State and local share
	<i>Billions</i>	<i>Percent</i>	<i>Percent</i>
1913.....	\$2.0	33	67
1923.....	9.4	36	64
1938.....	14.3	41	59
1948.....	54.5	74	26
1953 (estimated).....	90.0	78	22

This gives a graphic picture of the increasing Federal domination of the taxing power and of the Nation's taxable resources. It emphasizes, also, how State and local government has withered as more and more of the people's tax money has been sent to Washington.

The power to tax has always meant the power to control. Of this, there is no more convincing example than that offered by the Federal Government. Through the taxes it takes, and the payments it makes, Federal controls flourish. To the Federal purse strings are tied individuals, groups, segments of the economy, and States. They are bound by regulations, directives, and administrative redtape.

It has been truly stated that it currently costs the people much more to be governed than it does to eat. Big government is no bargain; it is a burden. The bigger it is, the more it costs, and the less the people can afford it.

The National Association of Manufacturers, through two of its largest and most important committees, the taxation committee and the government economy committee has been studying this problem of big government, taxation, and Federal spending for a great many years. An important part of all its activities is a program designed to assist in bringing more governmental functions back home to the State and local level. Studies of these committees have led to the following inescapable conclusions:

1. The Federal Government is too big. It is so big and so complex that it cannot be efficiently managed by any man or group of men. A recent compilation shows a total of 2,055 Federal departments, bureaus, divisions, authorities, corporations, and other agency components. Even if the duplicated and multiple agencies could be eliminated, the list would still be formidable. The task of budgeting, legislating, and for supervising these operations is so vast that no part of it can be well done.

2. The burden of the cost of the Federal Government is now a greater load than the economy can carry and remain prosperous. For nearly 10 years now, the percent of taxes to gross national product has been around, and is now above, 25 percent, a figure many economists consider a practical ceiling or "peril point" of taxation.

3. The steady pressure for more power to regulate and control is a growing menace to individual and civil liberty.

4. Unless the trend toward ever bigger government is halted, and until it is reversed, the States and private business alike face the prospect of ultimate, complete domination by the Federal Government.

The seriousness of Government competition with private enterprise was pointed out by former President Herbert Hoover in an address delivered in Cleveland, Ohio, on Saturday of last week, April 11, 1953. Mr. Hoover at that time urged that a commission be established to reorganize the whole Federal venture into the power business and cited as the reason therefor the tremendously increased cost of such Government ventures, elimination of them from the taxpaying community and the threat to our free competitive enterprise system. It seems clear that S. 106, now pending before this committee, is in full accord with this recommendation of former President Hoover which might very well be a part of any such studies undertaken by the Commission therein provided for.

Some years ago, the Congressional Joint Committee on Reduction of Nonessential Federal Expenditures made a study of the function of numerous Federal agencies. The findings demonstrated the multiplicity of units engaged in identical, similar, or related fields of Federal activity. It found, for example, 22 units operating within 11 departments and independent establishments concerned with housing. It found 16 units in 8 departments or agencies concerned with labor relations. It found 93 units in 17 departments or agencies concerned with Government lending. It found 64 units in 32 departments or agencies concerned with business relations.

As a result of the Hoover Commission recommendations and reorganization plans put into effect, there has doubtless been some

improvement. Such improvement, however, is not reflected in the overall cost of Government and to accomplish this, further efforts are clearly needed.

The bill now before you goes somewhat beyond that which established the Hoover Commission in 1947 in that it emphasizes the elimination of services, functions, and activities more properly within the jurisdiction of State and local governments. This is an area which surely should have careful study and a reappraisal with a view to reallocating proper governmental functions.

In a country which seeks to retain free, popular government, service responsibilities should be performed by the smallest units competent to handle the several public services satisfactorily and economically.

Underlying this principle is not only the tradition of American republican government, but the dictates of effective taxpayer support of governmental services. It is the citizens' duty, as well as their right, to consider and pass judgment on these services and on their cost. Popular will can be more clearly expressed, and popular control over public activities made more effective, the closer the officers in charge of public services are to those who provide their tax support. Granted that citizen interest in, and sense of responsibility for, efficient government are not as high as they should be; nevertheless, it is true that a better response is possible, the closer these matters lie to home.

The concept of government close to and under control of the people is violated when the Federal Government assumes authority over matters which the States or their subdivisions should and can perform. The Federal organization has become far too big to be organized competently or operated efficiently. And it is easily demonstrable that Federal operation is more costly in many cases than it need be, or than State or local operation would be. Evidence of the inability to coordinate and control at the Federal level is provided by the numerous examples of duplicate, or even multiple, agencies that have been established to perform the same or similar services. The impossibility of learning anything about the complex, remote Federal organization, coupled with the numbing effect of a belief in inexhaustible, costless Federal resources, have contributed much to the decay of citizen concern over governmental costs. Governments must be brought back to the communities of the country.

The areas of national interest and concern in which only the Federal Government can adequately serve the national good must be distinguished from other areas in which State, or State-local, action constitutes as good or a better way of promoting the national interest.

The Federal Government was created by a union of the States and the Constitution enumerates the powers that were delegated to it. These powers include (a) functions which only the Central Government can perform, such as national defense and the conduct of foreign affairs; and (b) certain functions which the several States could perform but which, if done by the States, would adversely affect the rights and interest of all citizens. Examples are coinage, weights and measures, interstate commerce, a bankruptcy code, and the postal system. The principle stated here conforms with the Constitution in that it emphasizes the importance of restoring and abiding by the

distribution of powers and service responsibilities as originally set out in that instrument.

There is too prevalent a belief that only the Federal Government can promote the general welfare. The scope of its payments to people and its grants to States has fostered the idea that Federal action is required to support the economy and the people. Already some 19 million people are reputed to be receiving from the Federal Government regular, direct payments—for salaries and subsidies, allowances and loans, for benefits, for services, for goods.

Many needs and problems are common to all of the people but their existence does not constitute, automatically, a case for Federal action or intervention. Examples are education, public health, dependency, fire protection, and the whole catalog of criminal and civil offenses. The States have both legal jurisdiction and administrative competence to deal with these matters. The important issue is the provision to them of resources sufficient for the task.

Another reason for creation of a study commission, such as proposed by S. 106 is the tremendous demands upon the time and energies of Members of Congress and Federal officials as a result of the international leadership and responsibilities which this nation now exercises and assumes.

It cannot be doubted that the achievement and maintenance of world peace is the foremost object of our national policies. Yet it is hardly going too far to suggest that the amount of energy and attention absorbed in the effort to manage so large and cumbersome an organization as the present Federal Government may be one source of the inadequacies of our foreign relations and security programs. These are subjects with which only the Federal Government can deal. It would be reasonable to expect better results if the Congress and the administration were free to devote a larger share of their available time and energy to such matters. Many of the affairs that detract from these major responsibilities can be managed at the State level, consolidated to avoid duplication or eliminated.

Mr. Chairman, I might say that the committees of the National Association of Manufacturers have done a great deal of work on this particular problem. We have prepared some studies. One in particular, this revised summary edition of our Bring Government Back Home is quite lengthy, and I would not want to suggest that it be made a part of the record, but I would be very glad to make it available for the members of the committee if they are interested.

The CHAIRMAN. We would be glad to accept it as an exhibit.

(The document referred to is on file with the committee.)

Any questions?

Senator Ferguson?

Senator FERGUSON. I do not have any questions, but I want to thank Mr. Miller for coming here and giving us an analysis of S. 106.

From what you have heard of the Taft-Hendrickson bill, you see no conflict between these two commissions, and you would feel that they could function, one on the so-called grant-in-aid program, and this one on the overall problem of functions of government? Is that true?

Mr. MILLER. Yes; that is right, Senator. I do not see any conflict at all. It seems to me Senator Taft's proposal is very definitely limited to the grants-in-aid problem, which is a very big problem in

itself, and yours, the Ferguson bill, does, of course, go into the much broader aspects of it, and includes the policy questions, which is another step beyond the Hoover Commission.

The CHAIRMAN. Incidentally, may I ask Senator Ferguson: Am I correct that your bill anticipates that such a commission will actually draft legislation as well as make recommendations?

Senator FERGUSON. And bring it in just as the Hoover Commission did. I think that is always advisable. They will confer with the executive branch as well as the various committees.

The CHAIRMAN. Representative Brown, any questions

Representative BROWN. No questions. I also should like to express my appreciation.

The CHAIRMAN. Thank you very much, Mr. Miller.

Mr. MILLER. Thank you.

The CHAIRMAN. The next witness will be Congressman Armstrong.

STATEMENT OF HON. O. K. ARMSTRONG, A FORMER REPRESENTATIVE IN CONGRESS FROM THE STATE OF MISSOURI

Mr. ARMSTRONG. Former Congressman, Mr. Chairman.

The CHAIRMAN. That is what my chief of staff said, and I said, "Once a Congressman, always a Congressman."

Mr. ARMSTRONG. I appreciate that, Senator. I am still a Congressman in spirit.

I might say that since I am not a Member of this session of Congress and have not yet begun any duties within the executive branch of this administration, I speak only as a private citizen, but a private citizen very interested in both of these bills and the purposes of them.

I might explain a little bit further, Mr. Chairman, that the background of my interest in these bills goes back to the early days of the Council of State Governments. I had the honor of being a member of the Missouri General Assembly in the 1933 session, when the Council of State Governments was only about 2 years old in its functioning, and when we mapped out, as one of the original projects of the Council of State Governments, the very things that are contemplated in both of these bills. The plan was to study the functioning of the Federal Government in its relations to the States to see if we could come up with a program that would eliminate the duplication of activities and functions as between the Federal Government and the States and their municipalities. And a little bit later—I think along in 1935—the council—and I was still a member of the Assembly of Missouri and a representative from Missouri on the council—launched into a study of overlapping taxation, with a view to eliminating, or, rather, shall I say, assigning to the various levels of Government, Federal, State, and municipal, the proper sources of revenue to eliminate duplication of taxes.

Later on, as I recall, the former Senator from Missouri, Mr. Donnell, was Governor of the State of Missouri, and I seem to remember that the distinguished Senator from North Carolina at that time was chief executive of his great State. And the Governors at that time will remember that the Council of State Governments made a real effort to come up with a program to eliminate duplication of taxes, to allot sources of revenue, as between the Federal Government, the States, and the municipalities.

In 1947 I served as chairman of a commission of 12 which was appointed by the Senate Committee on Civil Service. We were requested to begin a study which was very similar to the work undertaken later by the Hoover Commission. We began our study and proceeded for about a year, whereupon Senator Lodge and Congressman Brown introduced their bills to establish a Commission on Organization of the Executive Branch. Both of these gentlemen I contacted, and they said, "If your Commission is doing the same thing we are doing, why don't you turn over your findings to our Commission?" which we did; and I requested Senator Langer, chairman of the Committee on Civil Service, to dissolve our committee commission, which he did.

Having presented that background, let me say, Mr. Chairman, just this brief word: I hope that both of these bills will be passed by this Congress.

In regard to the Ferguson-Brown bill, the thing that we like about it is simply this: It emphasizes the question, "Should or should not this activity be carried on by the Federal Government?" In other words, it goes beyond the Hoover Commission's attempt to bring about efficiency in organization, by getting right down to the question of the functioning of an activity within the Federal Government. It attempts to answer the question as to whether that function is necessary.

Of course, the Commission will be studying whether any particular activity overlaps or duplicates some other activity within the Federal Government. But primarily, I anticipate that this commission will concern itself with coming up with recommendations for legislation that will point toward forcing each agency of the Federal Government to justify its existence and its request for appropriations before it comes before either body of Congress and asks for its regular annual support.

I would simply suggest, after considerable study of both bills, that on page 2 of the Ferguson-Brown bill, if subsection 6 were eliminated, it seems to me there would be no conflict whatever with the Taft-Halleck bill.

Representative BROWN. Will the chairman permit me to ask a question at this point?

The CHAIRMAN. Representative Brown.

Representative BROWN. If the gentleman will check subsection 6 and compare it with the provisions of the Taft bill, I believe that he will see that subsection 6 in the Brown-Ferguson bill is directed toward the functions and the relationships outside perhaps of the benefits paid subsequent to their granting to the States by the Federal Government. And I would like you to give your attention to whether or not you think there is a real conflict between that section and the purposes of the Taft bill. Senator Taft and Senator Ferguson and Senator Hendrickson all seem to agree that there is no direct conflict; that the Taft approach is a direct approach on one particular problem, and this is a general approach, where the Federal Government should continue some function that the States have done.

Mr. ARMSTRONG. Yes, sir.

Representative BROWN. And it does not deal directly with the payment of benefits to the States or subsidies to the States.

Mr. ARMSTRONG. I see. And I understand. I was leaning over backward, in the hope that both bills would be passed and that no Member of Congress, of either body, could raise a question as to duplication of effort.

Representative BROWN. Yes. I am wondering if you agree that perhaps this restriction in paragraph 6 of the Brown-Ferguson bill says it shall not apply to those particular activities coming within the jurisdiction of the other Commission.

Mr. ARMSTRONG. You mean to add that wording? Oh, I think that would take care of it entirely. Exactly; I agree with the gentleman.

Now, Mr. Chairman and members of the committee and of the panel, just one other suggestion. I hope, as one who was greatly interested in the matter of a study of the sources of public revenue, with a view to eliminating the overlapping and duplication of those sources of revenue in taxes that go to the Federal Government, the States, and municipalities, that one or the other of these Commissions—and I would say it would belong in the Commission under the Taft-Halleck bill—should be assigned the duty to study our tax structure, in addition to those mentioned on page 3 of the Taft-Halleck bill, section 3. I have discussed this with a number of my former colleagues and with some representatives of President Eisenhower. I hope that this wording could be included:

The Commission shall study and investigate the sources of public revenue which provide support for the activities of the Federal Government, of the States, and of the political subdivisions of the States, and shall recommend improvements in fiscal policies in order to define more clearly the fields of taxation between the Federal Government, the States, and the local units of government, with the view of alleviating or eliminating duplication of taxation and unjust burdens upon various sources of public revenue.

Now, I grant you that that wording could be added to the Ferguson-Brown bill, and it would not conflict or overlap with the duties of the Commission to be set up under the Taft-Halleck bill. But since the Taft-Halleck Commission would be concerned primarily with Federal-State relations, and since fiscal policy, the matter of determining where taxes shall come from, is a Federal-State matter, it seems to me that if the committee in its wisdom should see fit to adopt this as a part of the duty of either Commission, it very well could be and should be under the Commission set up under the Taft-Halleck bill.

I offer these as suggestions in the hope that both of these bills will be passed. I am sure that whatever cost these Commissions will entail, there will result from their work and their study perhaps a thousand times the amount in actual savings to the taxpayers of this country.

The CHAIRMAN. Thank you very much.

Any questions?

Senator HENDRICKSON. I should like to ask one question.

Congressman, have you weighed the advantage of the panel system of selection over the system of simple appointment by the President?

Mr. ARMSTRONG. Well, I have weighed it to a certain extent. At least, I go back in my experience, and I do recall that the distinguished Senator was a part of this Council of State Governments in our study years ago. And we used the panel system. It seemed the best way to bring representatives of the Federal Government, governors, members of the State assemblies, and mayors and representatives of municipalities together.

I am inclined to believe, however, that the President should have full authority to do the appointing of Commission members, and if the panel idea is adopted, Senator, I would simply recommend that the panels be offered to the President. He can select those he feels can best serve on these Commissions, thereby giving him the benefit of the best possible names representing the most experienced personnel that could be selected.

Senator HENDRICKSON. Well, that is the only basic difference between the Taft bill and the Hendrickson bill; is it not?

Mr. ARMSTRONG. Yes, sir; that is right.

Representative BROWN. I was very much interested in what you said as to cost. I would like to comment, if I might, Mr. Chairman, that this morning in the House Rules Committee, we had a bill from the Committee on Agriculture relative to the further admission of Mexican labor for use on the farms of this country, and I was amazed to learn that sending a committee or a commission or a group of Federal employees to Mexico to supervise the admission of these employees would cost about 50 percent more per year than the entire Hoover Commission cost for its entire life. In other words, the cost was about \$3 million a year for the Department of Agriculture simply to supervise the getting together of Mexican workers who wanted to come into the United States.

Mr. ARMSTRONG. Mr. Chairman, I would like to comment further that regardless of any savings of the Hoover Commission, which I think were considerable, even though the distinguished Senator from North Carolina has raised the question of how much they were—regardless of that, I think the Ferguson-Brown bill will lay the basis for far greater savings, because it gets right down to a basic study of the function of any Federal agency: "Is this function necessary?" And if the President and the Congress decide it is not necessary, then you can begin to eliminate agencies instead of simply to combine them.

I am of the opinion that the more you combine governmental agencies, the greater the cost. It is terribly difficult to leave out any costs when you begin to consolidate, unless you actually eliminate their functions. When you get down to determining if a function is necessary, or whether it is not necessary, because it simply is not needed or overlaps or duplicates, and you begin to cut that function out, then you get to the real basis of governmental economy.

Thank you, Mr. Chairman, Senators, and panel.

The CHAIRMAN. The hearing will now adjourn.

(Whereupon, at 3:40 p. m., the hearing was adjourned.)

(Subsequently, the following letters and statements were received for insertion in the record:)

STATEMENT BY SENATOR HUBERT H. HUMPHREY ON
INTERGOVERNMENTAL RELATIONS

Mr. Chairman, I submit this testimony to your committee in support of a bill I introduced on March 16 to establish a bipartisan national commission on intergovernmental relations, S. 1328. The bill is an outgrowth of hearings held during the 81st Congress by the Senate Subcommittee on Intergovernmental Relations, a subcommittee which I chaired in 1950.

We held extensive hearings during the 81st Congress on the whole problem of intergovernmental relations. The testimony in support of a bipartisan commission was enthusiastic and virtually unanimous.

During the 82d Congress, I reintroduced the bill which we agreed upon the previous year. The Committee on Government Operations reported out a pro-

posal very similar in tone and content and I was pleased to be a cosponsor of that new bill. Regretfully, the Senate again was unable to find the time to discuss and then pass the proposed legislation.

I was pleased when President Eisenhower saw fit in recent weeks to express a deep interest in this problem. He has met with representatives of our State and local governments in a serious effort to improve relations between our State and local governments. It is clear to all of us that the volume and complexity of these relations have been substantially increased as a result of our defense program. It is therefore gratifying that President Eisenhower has seen fit to recommend the establishment of a National Commission on Intergovernmental Relations similar to the proposals which our committee has been developing in recent years.

You will remember that the Hoover Commission specifically recommended that a commission be established not only because "Federal-State relations is the cardinal question of our Federal system of government, but also to accomplish its other recommendations in an adequate and orderly manner." The Hoover Commission recommended that the National Commission on Intergovernmental Relations be of a "continuing nature."

My proposal in S. 1328 and the proposal we developed unanimously during the 81st Congress, S. 1946 provides that the Commission be temporary so that the Congress has an opportunity to review its work before establishing it on a permanent basis. In my own mind I have not precluded that the temporary commission may become a continuing one if that would be desirable but I hesitate to advocate that at this time and I urge the committee to consider the wisdom of creating a new Government agency at this time to be added to the already large bureaucratic structure of our Government.

The issue of Federal-State local relations is basic to good government and to democratic government in the United States. A bipartisan commission can go far toward placing the problems affecting those relations in proper focus and toward helping to solve many of these problems. We ought not to delude ourselves into believing, however, that such a commission can solve all problems inherent in our Federal system of government.

Members of this committee are aware that I came to the Senate after a number of years of service as a Mayor of Minneapolis, a relatively large city. I know intimately many problems affecting local and State governments. I am prepared to state unequivocally that although many of these problems arise out of the need to reorganize the fiscal relations between Federal, State and local governments these fiscal relations are only a part of the picture. More basic in my judgment is the need for constitutional revision in many of our States, the need for reapportioning many of our State legislatures, and the need for concentrating many governmental functions on a local and State level.

As evidence of this need, I refer to a statement by the National Institute of Municipal Law Officers issued this year:

"Seldom does a municipality's boundaries coincide with the economic and social area in which it is located. Here we often struggle with a multiplicity of jurisdictions of overlapping and uncoordinated units—cities, boroughs, townships and special districts, commissions or authorities for construction and operation of schools, parks, highways, or other programs. In some instances cities located in more than one State are involved in planning for a whole metropolitan area. In programs requiring extensive intermunicipal cooperation like civil defense or disaster relief this type of conflict is most troublesome. * * *

The best way to preserve States' rights is to strengthen States' responsibilities. The best way for States to assume their rightful responsibility is to strengthen their governmental machinery so they can respond to the public will and to public needs. There can be no lasting solution to the problems inherent in our Federal system of government until this governmental reorganization takes place. I, therefore, urge that in reporting the bill to the Senate to create a National Commission on Intergovernmental Relations, we include within the area of study of such commission the subject matter of State and local governmental reorganization, so that the State and local governments are in a structural position to assume their responsibility fully and democratically.

Before concluding this statement, I want to bring the attention of this committee to the Senate bill I introduced on February 4 of this year, S. 788. Closely related to the entire problem of Federal, State, and local relations is the problem of payment by the Federal Government to State and local governments arising out of the fact that the Federal Government has taken real and tangible property

out of the taxable area of many local governments. The bill I introduced was drafted by the Bureau of the Budget during the 82d Congress. It establishes a general policy and procedures with respect to payments in accord with agreements approved by the Bureau of the Budget with the responsible agency of State and local governments. I urge this committee to act on my legislative proposal as soon as possible.

It is important that we face up to the issues of intergovernmental relations realistically. A commission can go far and can make a great contribution toward resolving intergovernmental relations problems, but it will provide no panacea. We need courage, responsibility, and a great will if our State and local governments are to be strengthened and if our Federal system of government is to serve the needs of our people efficiently and effectively.

CHAMBER OF COMMERCE OF THE UNITED STATES,
LEGISLATIVE DEPARTMENT,
Washington, D. C., April 15, 1953.

Senator JOSEPH R. McCARTHY,
*Chairman, Senate Committee on Government Operations,
Senate Office Building, Washington 25, D. C.*

DEAR SENATOR McCARTHY: The Chamber of Commerce of the United States supports the principle of S. 1514 to create a special commission on governmental functions and fiscal resources.

However, there is some doubt in our minds as to whether section 3 relating to duties of the Commission is as broad as section 1 which in its declaration of purpose sets forth the general philosophy of such a commission.

Specifically, there is question whether the proposed commission to be created would feel that it was empowered to make a full investigation of Federal-State relationships in the tax field.

Therefore, the Chamber of Commerce of the United States recommends that section 3 be amended on page 4, line 3, by the addition of these words after the word "need;" and before the words "and all other matters * * *" "the manner in which tax sources should be allocated between the Federal Government and the States;"

We believe that this additional language would eliminate any doubt about the directive which the proposed commission would have in this regard.

We request that this letter be made a part of the printed record of your committee hearings.

Cordially yours,

CLARENCE R. MILES, *Manager.*

AIR TRANSPORT ASSOCIATION OF AMERICA,
Washington, D. C., April 15, 1953.

The Honorable JOSEPH R. McCARTHY,
*Chairman, Committee on Government Operations,
United States Senate, Washington 25, D. C.*

DEAR SENATOR McCARTHY: Reference is made to S. 106, S. 526, S. 1328, and S. 1514, now pending before the Senate Committee on Government Operations. This association, which is composed of substantially all of the scheduled airlines certificated by the Civil Aeronautics Board, supports the general objective sought to be accomplished by these bills.

As doubtless you know, the scheduled airline industry is subject to very comprehensive and detailed safety and economic regulation by the Federal Government and, in some instances, to duplicating and conflicting regulation by the States. Moreover, the industry is subject to overlapping Federal and State taxation, particularly in the case of the taxation of aviation gasoline.

In view of the foregoing, the airline industry supports the creation of a commission to study the elimination of the duplication and overlapping of Federal and State taxation and regulation, and will avail itself of the opportunity to present its problems to such a commission. We urge that the committee approve a bill which would give the Commission, which it creates, sufficient authority to investigate and report to the Congress on the problems of taxation and regulation which the airlines will bring to it.

Sincerely yours,

E. S. LAND, *President.*

STATEMENT OF GEORGE F. LULL, SECRETARY AND GENERAL MANAGER, AMERICAN MEDICAL ASSOCIATION

I would like to take this opportunity on behalf of the American Medical Association to submit for your consideration our views concerning S. 106 and S. 1514, 83d Congress, which are currently being studied by your committee.

It is our understanding that S. 106 would authorize the establishment of a commission to be known as the Commission on Organization of the Executive Branch of the Government, which would be directed to study the present organization and operations of the executive branch of the Government, and report its findings and recommendations by February 1, 1954. It is our belief that a thorough survey of the executive branch of the Government is in order, and, that if properly conducted, it could result in the elimination of considerable overlapping of activities and waste of funds.

The primary interest of the association, however, is with S. 1514 which would authorize a study and report concerning all of the present activities in which Federal aid is extended to State and local governments with particular reference to health, education, and welfare. This study would involve matters which have for many years been of vital concern to the medical profession, because of repeated attempts of governmental encroachment in the field of health. It is the belief of the association that such a survey is imperative to determine whether there is justification for Federal Aid in all the various fields in which such assistance has been extended during the past few years, whether such activities should be limited and, if so, to what extent, and finally to permit an overall appraisal of the ability of the Federal Government to finance activities of this nature.

For these reasons, I should like to urge on behalf of the American Medical Association that the subject legislation be reported favorably by your committee.

STATEMENT BY REPRESENTATIVE HAROLD C. OSTERTAG, OF NEW YORK, WITH RESPECT TO THE PROPOSALS TO ESTABLISH A COMMISSION TO REGULARIZE FEDERAL-STATE-LOCAL RELATIONS

Mr. Chairman, the objectives of the measures which you are now considering are surely among the most vital and urgent that this Congress will consider. It was Benjamin Franklin who told the Constitutional Convention, after it had completed its labors, "You have a Republic—if you can keep it." Whether he said it on the basis of prophetic foresight or historic perspective, we do not know; but we do know that, if he returned to earth today, he would be appalled and alarmed, as we are appalled and alarmed, at the monstrosity into which our Federal Government has developed, in this century. We had a Republic, but it is fast slipping from our grasp.

Once remote and restricted—so the drafters of the Constitution thought—to a relatively limited field of operation, our Federal Government now oppresses every citizen in the land with its insatiable demand for taxes; it influences, if it does not control, 75 percent of the activities of State governments, and it directly and indirectly affects many, if not most, of the activities of municipal governments as well.

It is irresponsible, inefficient, and dangerous to let our Government thus get out of hand. It must be returned to the control of the people who live under it and support it. That is what these bills propose to do. Our only problem here, therefore, is to support the measures that will do this job with greatest effectiveness.

I am frank to say that, in my judgment, S. 1514 is too narrow in scope to achieve the objective sought. It would limit the studies, which the proposed Commission would launch, to Federal grants-in-aid programs. This is a fertile and in fact imperative field for study if we are to restore a proper balance of functions and responsibilities among the several levels of government. It is, however, only one field that is in need of study. It does not take into account the problem of overlapping taxation, which is one of the most vexatious with which State and local governments, and above all, the individual citizen, has to contend. When several levels of government pile taxes upon taxes on the same products or services, the result is bedlam. This is particularly true with respect to excise taxes, but it is equally true of certain service taxes, not to mention inheritance taxes and the controversial taxes on dividends. I can see no evidence that S. 1514 would even take account of problems such as these, let alone analyze them with a view to recommending solutions.

I am aware that the Treasury Department is making its own long-range study of our tax structures, and, in my judgment, those studies, or independent tax studies, must be correlated and integrated with the studies contemplated here, or the work of the proposed Commission will be meaningless. According to the President's message, the objective of the Commission on Governmental Functions and Fiscal Resources would be to pave the way for the assumption of greater responsibilities by State and local governments. Yet unless these governments also have tax resources on which to draw, to maintain these functions, it is useless to allocate the functions to them. Therefore a study of tax structures and sources must be an integral part of the Commission's task.

I should like further to point out that this measure completely ignores one of the most acute problems facing local governments in their relations with the Federal Government—namely the so-called tax-immunity problem. It has long been the contention of the Federal Government that it leaves the field of real-estate taxation to the localities. On the contrary, it does nothing of the sort, even though its invasion of this field is via the backdoor. The Federal Government is, of course, the biggest single landholder in the United States today. When it goes into a locality and removes great plots of land from the tax rolls for its own purposes, it invades the field of local real-estate taxation indirectly but often grievously, by laying an extra burden on the taxable property that is left. Its system of payments in lieu of taxes is so incoherent as to make local budgeting an art, rather than a science—a mobile art, one might say. Yet here is a vast problem in need of orderly study and solution, which is not included within the scope of S. 1514.

Similarly, it seems to me that S. 106 is too limited, but this time on a horizontal basis. S. 1514 would comprehend the Federal grants-in-aid programs and follow their effects down through State and local governments, thus attacking one phase of the problem top to bottom; but it fails to take account of the myriad fields through which the Federal Government has extended its power and influence into State, local, and private affairs outside the grants-in-aid device. S. 106, on the contrary, would limit itself almost wholly to the problem of restoring efficiency to the Federal Government alone. This is desirable and laudable, but again, it is only part of the problem.

The functions and responsibilities of the States and localities have become so blurred in the past few decades, as a result of the immense growth of the Federal Government, whether under the impact of necessity or design, that it is not sufficient in my judgment, now merely to withdraw the Federal Government from State and local areas in which it does not properly, or perhaps constitutionally belong. There should be guidance also in restoring and developing a clearer pattern of responsibilities and tax resources at State and local levels, to insure that the gears in our entire Federal system are meshing.

Mr. Chairman, my intense interest in this matter stems from 15 years' service, as a member of the New York State Legislature, in Federal-State and interstate relations, and from my present activities and interests as a member at large of the Council of State Governments, as well as a Member of the House of Representatives. On the basis of that long experience, it is my considered and humble judgment that neither of these measures is adequate to the task which must be accomplished. It is for these reasons that I respectfully commend to your attention my bill, H. R. 1838, which would encompass the objectives in the measures now before you, and in addition take cognizance of the many other areas in which Federal-State-local relations are sorely and urgently in need of revision.

STATEMENT OF GEORGE H. DEMING, DIRECTOR OF TECHNICAL ASSISTANCE, AMERICAN MUNICIPAL ASSOCIATION

Subject: S. 1514 (Taft), to establish a Commission on Governmental Functions and Fiscal Resources; S. 526 (Hendrickson) and S. 1328 (Humphrey), to establish a Temporary National Commission on Intergovernmental Relations.

For purposes of the record, providing there is no objection, we should like to introduce a statement presented by representatives of this organization at the President's conference for representatives of local governmental organizations at the White House on March 31. This statement summarizes the association's thinking concerning the need for a Commission such as is anticipated by the legislative proposals now before the committee. We would also like to introduce,

for purposes of the record, policy statements adopted by the American Municipal Association during the past several years which further explore our beliefs concerning the necessity for such a Commission.

The American Municipal Association is very hopeful that the bill finally recommended by this committee will provide for a broad survey of all aspects of Federal, State, and local relations—in short, that the bill spell out in its statement of duties of the Commission the broad objectives voiced in section I of S. 1514.

It has already been suggested to the committee that this could be accomplished by incorporating with the Taft proposal pertinent sections from section 3 of Senator Hendrickson's bill, S. 526. Specifically, we would recommend that the provisions of subparagraphs (1), (A), (B), and (D), section 3, of the Hendrickson measure be incorporated.

This inclusion would provide for the consideration of areas which we believe are fundamental to future well-being of a strong local government in this Nation.

There are nearly 100 areas of governmental interest under current programs which are shared by the Federal, the State, and local governments. In each of these areas, there is a definite commitment of funds by each level of government. In many cases the joint provision of funds is evidence not so much of an aid concept but of a condition of federalism that is peculiar to our form of Government. That is, the commitment of funds by the National Government is consistent with national interest in a given function; e. g., civil defense or the highway program. State provision of funds bespeaks State responsibilities while the allocation of municipal resources reflects local interests and responsibilities within a limited sphere of activity. It is of interest to note that 78 of these areas of mutual action had been established prior to 1930.

It is also true that important areas of Federal-State-local relationships spring from governmental functions in which the Federal interest is the primary interest. In no case is this more so than in the function of national defense.

Some of these relationships have created difficulties for the Nation's municipalities. Many local communities are overrun by Armed Service installations or defense plants. Federal fiscal help has been given to the schools in such areas, but other local services such as police, fire, health, and water need aid just as badly. Two other problems are related. The Defense Establishment is extending the amount of property exempt from local taxation. Many large defense plants had been paying taxes for many years until 1951; payment has stopped without notice in 1952 and 1953. This throws a heavy burden on some places, none on others. This movement and exemption of other Federal property from local taxes needs careful study. Immediate action should be taken by Congress. Some phases of the problem follow:

1. Federal agencies do not anticipate during the planning and policy making stages the difficulties which they may cause in critical areas. All present legislation and all present remedies come into play after the damage is done. Under Public Law 139, the communities facilities program, help is given to some communities for some purposes after the local problems have become serious.

2. Present legislation assumes that municipalities have the primary responsibility for meeting needs of critical areas due to defense activities unless they are demonstrably fiscally incompetent. This assumption is contrary to the premise that the cost of national defense is a national responsibility that should be extended over the tax base of the entire Nation.

3. Appropriations have often failed to meet the needs of municipalities as suggested by authorizations of Congress. Examples: Under Public Law 139, community facilities program, \$100 million authorized; \$28 million appropriated.

4. The release of defense plants from municipal taxation by Federal action had denied municipalities full benefit from existing local taxes, primarily the property tax, while demands for services have increased. As a minimum, agreements for payments for services on a contractual basis should be allowed.

There is a growing tendency on the part of Federal defense agencies to phrase contracts so as to exempt raw materials, goods in process, implements, equipment, and machine tools from local taxation. This is accomplished by immediately transferring title to such property to the Federal Government, or an agency thereof, upon small partial payment of the purchase price by the contracting Federal agency. The holders of such contracts constitute a large segment of private enterprise in the Nation. They require and receive all of the protective and other services of local government without which they could not operate during the process of manufacturing material under Federal contract. The American

Municipal Association believes that such manufacturers should pay taxes to local governments on personal property in the same manner and to the same extent as other manufacturers.

Recent and current examples include the small city of Adrian, Mich., where exemption of a plant by the Air Force resulted in a tax loss of \$87,958 to the city, or 9 percent of the city's tax receipts. The plant had always paid taxes before. In Los Angeles County, some \$600 million of inventories, good in process, and the like were removed by Federal action from that county's tax rolls. There are in all some 50 such tax-exempt firms in that 1 county. The city of Detroit lost, during 1952, \$257,318 in tax revenue from tax-exempt industrial personal property valued at \$6,549,910.

5. A related problem is that created by location of Federal defense installations. Examples include Portsmouth, N. H., and Augusta, Ga. A major defect has been the failure of the Department of Defense and congressional Armed Services Committees to consider realistically the cost of local and municipal adjustments to meet the increased service needs.

Payments in lieu of taxes on Federal property are a major concern for any national commission on intergovernmental relations. No major brief is presented here on the general subject because of the general belief that a commission would give this topic priority on its agenda.

We are very hopeful that the commission to be created will have an opportunity to explore this area of Federal-local relationships.

The American Municipal Association recommends strongly that the Commission be empowered to consider the matter of tax resources available to Federal, local, and State governments.

The relations between Federal and local revenues are not as clearly discernible as the relations between Federal and local services. There are only a few direct points of contact between the Federal and local revenue systems. They include admission taxes, gasoline taxes, some other excise taxes, and, in a few instances, income taxes.

In spite of this, Federal revenues have a direct impact on the local revenue system because the present high levels of Federal and State taxation drain off from local governments revenues which would otherwise be available for local use. Federal revenues may not take the money by the same kinds of taxes which local governments would use, and yet the weight of Federal and State taxation combined makes it difficult for the local governments to expand their revenue sources. Consequently, local revenues are still restricted largely to the property tax.

Specifically, we believe the Commission should be empowered to work toward a more orderly, systematic, and equitable allocation of tax resources among Federal, State, and local governments with a view to providing effective liaison in the areas of tax immunity, tax sharing, and tax administration, as well as assuring fiscal resources at each level of government commensurate with the responsibilities of each level of government.

The American Municipal Association is gratified to have this opportunity to present testimony on this important group of bills. The association, founded in 1924, represents over 11,000 American cities, large and small. Included within its membership are 42 State leagues of municipalities, and as direct members, more than half of the Nation's cities having a population of over 100,000. The association represents cities in their corporate capacity. It has no activities and no financial resources except those related directly to municipalities and associations of municipalities. Financial support comes entirely from public funds.

A NATIONAL COMMISSION ON INTERGOVERNMENTAL RELATIONS

(Submitted for the American Municipal Association by Hon. William B. Hartsfield, mayor of Atlanta, Ga., president; Hon. William V. Bailey, mayor of Battle Creek, Mich.; Carl H. Chatters, executive director; Randy H. Hamilton, director of Washington office; George H. Deming, director of technical assistance, for the White House conference, March 31, 1953)

The American Municipal Association urges the immediate passage of Federal legislation to create a National Commission on Intergovernmental Relations. The association for many years has favored the creation of such a national Commission. Its latest policy statement on this subject reads as follows:

"The National Commission on Intergovernmental Relations should be established. Clarification of the difficult questions arising between Federal and local governments can be accomplished best by such a commission. Few activities are more urgent as a means of proving that a democratic Federal Government can work effectively."

Social, economic, and political growth in the United States have created a situation where activities or functions originally State or local in nature now have a parallel national interest. Examples are found in highways and airports. This idea of a national interest parallel to State or local interest in certain activities must not be overlooked.

There is no step the administration could take which would add more to the confidence of local officials in their Federal Government than the creation of the proposed Commission. To be successful, however, the Commission must consider Federal-city as well as Federal-State relations. If this is not done, many important problems will not be solved.

MAJOR REASONS FOR STUDY

There are at least nine major reasons for a national commission study of Federal, State, and local relations. These are:

1. The competition for revenues.
2. The alleged overlapping and duplication of governmental services.
3. The impact on municipalities of the accelerated national defense program.
4. The effect on local governments of Federal grants-in-aid.
5. The demands for payments in lieu of taxes on Federal property.
6. The impact of Federal standards and Federal personnel on local affairs.
7. The impact of various Federal programs on the demand for local services and expenditures.
8. The need for a consistent and known policy at the Federal level with respect to all phases of State and local relations.
9. The growth of a national interest in activities which originally were performed and financed by State or local governments.

MEMBERSHIP, SCOPE, AND DUTIES OF THE COMMISSION

The purpose and duties of the proposed Commission are well set forth in S. 526 and H. R. 1838 introduced in the 83d Congress. The duties of the Commission would be to make a comprehensive study of the powers, functions, and jurisdiction of the Federal, State, and local governments and their relations to each other; to study the revenue sources of the Federal, State, and local governments and their relation to each other; and to present a clear description of the powers, functions, and fiscal resources and fiscal relations of the Federal, State, and local governments with each other. Based on such studies, and bearing in mind the social, economic, and political changes in the United States, to make recommendations regarding (a) the undesirable overlapping of powers, functions, and jurisdiction among the several levels of government; (b) to suggest a more orderly and equitable allocation of revenues; (c) to report on the various systems of tax sharing and so-called grants-in-aid; (d) to suggest a desirable, efficient, coordinated relationship among the Federal, State, and local governments, and (e) to consider whether or not some activities of government can be performed by private enterprise. The scope of the Commission's work must be broad enough to consider all important intergovernmental relationships; that is, not only Federal-State matters but also Federal-city and Federal-State-local matters. The American Municipal Association is in general agreement with this approach.

The National Commission must be large enough to represent both Houses of Congress, the Federal administrative agencies, State and local governments, and the public. The Commission must have enough prestige to guarantee consideration of its findings. The membership should include representatives of local governments, since their points of view cannot always be reflected through State officials. Members should be selected because of special competence in their respective fields. While it is natural that individual organizations should want to nominate members of the Commission, it is far more important that every member be selected for the contribution he can make to the proposed inquiry.

FEDERAL-LOCAL REVENUE RELATIONS

The relations between Federal and local revenues are not as clearly discernible as the relations between Federal and local services. There are only a few direct points of contact between the Federal and local revenue systems. They include admissions taxes, gasoline taxes, some other excise taxes, and, in a few cases, sales and income taxes. Grants-in-aid as local revenue sources are discussed under Federal-local and Federal-State-local programs.

Federal revenues have a tremendous impact on the local revenue system because the present high levels of Federal and State taxation drain off from the citizens and their communities revenues which would otherwise be available for local use. The Federal revenues may not take the money by the same kinds of taxes which the local governments use, and yet the weight of Federal and State taxation combined makes it difficult for the local governments to expand their revenue sources. Furthermore, the great rise in prices since 1939 has increased operating and construction costs for municipalities without providing for them commensurate increases in local revenues. Municipalities, therefore, have a great concern about inflation, a matter governed by national policies and national economic conditions.

FEDERAL-LOCAL AND FEDERAL-STATE-LOCAL PROGRAMS

The interrelation of Federal, State, and local programs is one of the principal areas to be studied by the proposed Commission. The organization of social and economic life in the United States has created a situation where there is a national interest in activities or functions which originally were exclusively State or local in nature. There are nearly 100 areas of activity which are shared by the Federal, State and local governments. Only the more important of these can be discussed here.

Airport construction and airport operation

A national system of airports is required for national defense, business convenience, and public safety. The present system of airports, mostly municipal airports, has been built, maintained, and operated primarily by joint Federal-city cooperation. Air transportation is essentially interstate and must be governed by uniform national regulations.

Civil defense

Civil defense, in the opinion of the American Municipal Association, is essentially a Federal-local program, and a part of national defense. The municipalities of the United States do not want to avoid their responsibilities for civil defense. Under present law, however, they are required to work through State civil-defense organizations whether or not there is any effective State organization. The American Municipal Association believes that at least the major target areas should be able to deal directly with the Federal Civil Defense Administration, and that other cities in States which have no adequate State programs should be permitted to deal directly with FCDA. Strong Federal leadership and continuing demonstration of interest by Congress and the administrative agencies are essential.

Defense activities and local communities

The rapid expansion of defense activities as well as some traditional relations between the armed services and local communities need reexamination. Many local communities are overrun by armed services installations or defense plants. Some Federal aid has been provided even though it comes too late. Right now, the defense establishment is rapidly extending the amount of property exempt from local taxation. The defense plants, originally built by the Defense Plant Corporation and later held by the RFC, paid taxes through 1951 or 1952. Payment has suddenly stopped in many places. A new type of contract has further aggravated the situation by vesting in the Federal Government title to raw materials, goods in process, implements, equipment and machine tools. The communities facilities program, under Public Law 139, 82d Congress, has never been adequate to compensate local communities for the dislocation of their facilities or the necessity for rapid expansion. The whole question of payments-in-lieu of taxes on Federal property is also a major concern for the proposed National Commission.

Highway construction

Streets and highways are constructed and maintained primarily by State and local governments. A national system of highways, however, has always been considered a necessity. The Federal Bureau of Public Roads with judicious use of Federal aid has been the chief factor in coordinating interstate highways, establishing standards, and providing highway research and statistics. A national system of highways can be achieved only by Federal coordination. Military necessity, industrial progress, and public convenience all seem to dictate the continuance of united efforts for interstate highways, interregional highways, intercity highways, and national-defense arteries, all tied into adequate roads and streets built by the States, counties, cities and towns. The relation of toll roads to the interstate system and the competition between toll roads and free public roads may deserve study.

Hospital construction

The Congress of the United States through the Hill-Burton Act has provided a stimulus for local hospital construction. Ordinarily payments are made through the State, but may go directly to the cities if there is no State authorization. The provision of added hospital beds has been advanced many years through the incentive of Federal aid.

Housing, slum clearance, and urban redevelopment

Federal concern over housing first manifested itself in a formal way in 1931 when President Hoover called a conference on home building and home ownership. From this conference came recommendations and subsequent legislation relating to Federal aid, slum elimination, and provision of housing for low-income families. The local role has grown in strength and importance so that under the Housing Act of 1949 the local community has major responsibility for all decisions as to size, character, and operation of the housing and redevelopment projects for which it received Federal aid. Such programs are the active concern of 1,200 communities. More than 415,000 units of public low-rent housing are either up and occupied or under consideration at the present time. The program of slum clearance and urban redevelopment is well under way in such cities as Chicago, Norfolk, Newark, Baltimore, New York, and Detroit, and more than 250 communities have applied to the Housing and Home Finance Agency for assistance in launching slum-clearance programs. Another housing program of importance to municipalities is defense housing, either already built or needed in defense areas over which local units of government have little or no control.

Public health grants

Municipalities and other local governments have developed cooperative public health programs through the counties, States and the Federal Government. In many such programs, 4 or even 5 levels of government are involved. Federal funds are available for general public health purposes, control of venereal disease, control of tuberculosis, mental health, and cancer and heart research. These are usually joint Federal-State-local programs. Federal funds for child welfare do not require matching funds from States or local governments. One-half of the fund for crippled children and maternal and child-health services must be matched by State or local funds. Programs which affect so vitally the lives of American people should be changed only when the full effects of the changes have been studied and, where desirable, alternatives provided.

Reconstruction Finance Corporation loans

Legally the RFC can make loans to municipalities for construction projects and for disaster relief. We believe no loans have been made for the latter purpose. For local construction projects a limited number of loans has been made in the last 5 years. The construction loan program of the PWA, RFC, and cities, so successful in the 1930's, should be restudied now.

Old-age and survivors insurance

Some public employees are now eligible; others are excluded. Satisfactory methods of eliminating such discrimination should be worked out.

CONCLUSION

The American Municipal Association pledges its full support to the proposed Commission on Intergovernmental Relations and later to implementation of the recommendations of that body. The work of the Commission should be an unselfish effort to determine the nature and extent of the national interest in the common activities of the Federal, State, and local governments.

POLICY STATEMENTS OF AMERICAN MUNICIPAL ASSOCIATION, WASHINGTON, D. C.,
ON INTERGOVERNMENTAL RELATIONS

The American Municipal Association has long been active in fostering understanding and better working relationships within the Federal system. Its position has been stated several times.

In 1949 the members of the association assembled in annual meeting stated their position as follows:

"5. The activities of municipal governments are tied up in a maze of relationships with the Federal Government, the State, county, school district, other special-purpose districts, and other municipalities. An understanding of the issues between governments, a special study of these relationships, and the development of plans to harmonize these relations should have a high priority in a national municipal program.

"7. One hundred forty metropolitan areas contain half the people of the United States. Each metropolitan area consists of a central city or cities and the adjacent territory. The metropolitan areas have special problems which should be recognized as such. These problems require the maximum cooperation between all governmental agencies in each metropolitan area and between each State and its metropolitan areas. The central cities, the suburban municipalities, and adjacent unincorporated areas all have an interest." (The National Municipal Program for 1950.)

At the Association's annual meeting in 1952, the following statement of policy was enunciated:

"The American Municipal Association suggests the following principles and action as a basis for Federal-municipal relations:

"1. The National Commission on Intergovernmental Relations should be established. Clarification of the difficult questions arising between Federal and local governments can be accomplished best by such a commission. Few activities are more urgent as a means of proving that a democratic Federal Government can work effectively.

"2. Congress should enact legislation to provide for payments-in-lieu of taxes on federally owned property. The present exemptions not only deprive municipalities of moneys to which they are entitled, but also create an unfair burden on those communities where disproportionate amounts of federally owned property are located. The need for equity between municipalities is at least as important as the revenue to be derived from such payments.

"3. The admissions and amusement tax now levied by the Federal Government has every characteristic of a good local tax and should be made available to all municipalities which wish to use it. To accomplish this, the Federal Government should withdraw from the Federal admissions tax or institute a credit device similar to that employed with respect to the inheritance tax.

"4. The placement of defense industries, defense establishments, or other large-scale Federal activities in some communities but not in others, creates disproportionate burdens. Such burdens should be equalized by compensating Federal payments.

"The relations between the Federal, State, and local governments determine the limits on the ability of municipalities to solve their own problems and to serve their citizens. Therefore, progress in American municipal government is dependent on a proper relationship and understanding between the various governmental levels and units.

"The need for such an understanding is emphasized by looking at the many areas in which questions of intergovernmental policy and action arise. These include Federal-local relations, State-local relations, Federal-State relations, metropolitan-area problems, county-city relations, intercity problems, and regional relationships.

"At least eight major reasons can be found for consideration of the relations between governments in the United States. These are:

- "1. The competition for revenues.
- "2. The overlapping and duplication of services.
- "3. The tendency to provide so many independent governmental units in a geographic area that it no longer functions as a recognizable governmental unit.
- "4. The tremendous effects of State and Federal grants in aid on local governments.
- "5. The impact of State and Federal standards and State and Federal personnel on local affairs.
- "6. The demand for local services and expenditures growing out of Federal programs.
- "7. The competition for high-grade personnel between the Federal, State, and local governments.
- "8. The absence of any overall policy on relations between the levels and units of government.

"All these relations and problems are also opportunities—opportunities for initiative and constructive public action, serving the general community.

"There is no inherent antagonism between the Federal Government, the States, and the municipalities. The business of these levels of government is a joint business. In its overall aspects, government should be conducted as if it were concerned with all of the people and with due regard for its impact on the individual citizen where he lives." (National Municipal Policy for 1951.)

In 1951, the association adopted the following resolutions, among others, setting forth its interest in Federal-local relations:

"No. 6.—*Resolved*, That the American Municipal Association continue to extend its efforts to gain adequate Federal payments in lieu of taxes and to secure Federal payments for special assessments.

"*Resolved*, That the board of trustees and the executive director of the American municipal association be and they are hereby authorized and directed to cause legislation to be introduced in the 83d Congress and to propose amendments to all other legislation introduced, which will make effective the long-established policy of the association regarding Federal payments in lieu of taxes on Federal tax-exempt property."

"No. 9.—*Resolved*, That the American Municipal Association encourage National and State legislation designed to sort out the domains of Federal, State, and local governments, particularly with a view to overcoming the preempting of tax sources by the Federal and State Governments to the grave disadvantage of local governments.

"*Resolved further*, That the executive committee of the American Municipal Association be charged with the implementation of this resolution."

At its most recent annual congress held at Los Angeles in December 1952, the association adopted the following resolution:

"Whereas government, Federal, State, and local, exists for the principal purpose of providing services to the people and protecting and fostering the public health, safety, and general welfare; and

"Whereas there is urgent and immediate need for clarifying the proper and permissible scope of operation of local, State, and Federal services and taxes: Now, therefore, be it

"*Resolved*, That the American Municipal Association is instructed to urge the Congress of the United States to enact legislation creating a National Commission on Intergovernmental Relations consisting of at least 2 representatives of each level of government and at least 3 persons not connected with government to study, investigate, and recommend possible and feasible methods of allocating to each level of government appropriate sources of revenue and services to be performed" (National Municipal Policy, 1953).

Representatives of the association meeting with President Eisenhower on February 9, 1953, expressed their interest in the Commission on Intergovernmental Relations as follows: "Municipal officials want the Commission. For years they have considered it as the only solution to Federal-State-local problems. In discussions on this subject they must be represented directly by municipal officials."

APRIL 20, 1953.

APPENDIX A

SENATE COMMITTEE ON GOVERNMENT OPERATIONS

Comparative analysis of bills proposing the creation of commissions to study intergovernmental relations

S. 1514 (Taft)	S. 525 (Hendrickson)	S. 1328 (Humphrey)	S. 1146 (committee bill, 82d Cong.)
I. DECLARATION OF PURPOSE			
<p>Declares that the complexity of intergovernmental relations, resulting from the extension of Federal Government activities into fields which are the primary interest and obligation of the States and their political subdivisions, requires a study of the proper role of the Federal Government in relation to the States in these fields, with a view to defining Federal-State relations, allocating functions to their proper jurisdiction, and adjusting intergovernmental fiscal relations so that each level of Government discharges the functions which belong in its jurisdiction (sec. 1).</p>	<p>Declares that increasing complexity, during last 150 years, of Federal, State, county, and municipal governments requires establishment of a Commission to study and make recommendations to President and Congress in an effort to bring about (a) more orderly and less competitive fiscal relationships (overlapping and confused systems of taxation, increasing demands upon Federal Government and States for tax-sharing and grants-in-aid, without following consistent pattern); (b) elimination of duplication and overlapping services, activities and functions and securing better coordination of such services, etc., among several levels of government; (c) allocation of governmental functions in a manner which will contribute to economy in governmental administration and maximum public service; (d) reduction in total governmental expenditures to lowest level consistent with efficient performance; and (e) development, within constitutional framework, of a governmental structure and cooperative policies and procedures which will tend to overcome existing obstacles to efficient governmental administration, and lay foundation for future development (sec. 1).</p>	<p>Declares that, since the establishment of the Federal system of government, no comprehensive survey has been made by the Congress of the relationships existing among National, State, and local governments, allocation of governmental functions and powers exercised by 2 or more governmental authorities and, prior to determination of reallocation of functions and powers, a study and survey should be made (sec. 1 (a)). Study should include Federal-State relationships with the defense mobilization program, to determine what legislation should be proposed to best resolve these relationships both on an emergency and a permanent basis (sec. 1 (b)).</p>	<p>Same as S. 1328, but does not include subsection (b) relating to the defense mobilization program or need to determine what legislation should be proposed on an emergency and a permanent basis (sec. 1).</p>

Comparative analysis of bills proposing the creation of commissions to study intergovernmental relations—Continued

S. 1514 (Tatt)	S. 526 (Hendrickson)	S. 1328 (Humphrey)	S. 1146 (committee bill, 82d Cong.)
2. ESTABLISHMENT AND COMPOSITION OF COMMISSION			
<p>Establishes a Commission on Governmental Functions and Fiscal Resources, composed of 25 members, 15 to be appointed by the President of the United States, 5 by the Speaker of the House, 3 from the majority party and 2 from the minority party in each of the 2 latter groups (sec. 2 (a) and (b)).</p> <p>Vacancies would not affect powers and would be filled in same manner as original appointment (sec. 2 (c)); Chairman and Vice Chairman to be designated by the President; 13 members to constitute a quorum, but hearings may be conducted by lesser number (sec. 2 (d)); and service as a member of the Commission, or as an employee (attorney, expert in business or professional fields), on a part-time or full-time basis, with or without compensation, would not be considered as service or employment bringing such persons within the provisions of the conflict-of-interest statutes (sec. 2 (e)).</p>	<p>Establishes bipartisan National Commission on Intergovernmental Relations (sec. 1), composed of 14 members, 5 to be appointed by President (2 officers of executive branch and 3 private citizens, not more than 3 from any 1 political party), all of whom shall have had experience with or knowledge of intergovernmental relations; 2 Senators, appointed by President of Senate, and 2 Representatives, appointed by Speaker (not more than 1 from any 1 political party); and the following to be appointed by the President: 2 State officials, from a panel of at least 4 submitted by the Council of State Governments; 2 municipal officials from a panel of at least 4 submitted jointly by the American Municipal Association, International City Managers Association, and United States Conference of Mayors; and 1 county official from a panel of at least 2 submitted by National Association of County Officials (not more than 1 from any 1 political party) (sec. 2 (a) and (b)).</p> <p>Vacancies to be filled in same manner as original appointment; Chairman and Vice Chairman to be elected by Commission from among its members; 7 members to constitute quorum (sec. 2 (c), (d), and (e)).</p>	<p>Establishes temporary bipartisan National Commission on Intergovernmental Relations, composed of 7 members, appointed by the President of the United States, all of whom shall have had experience with or knowledge of the major problems in the field of intergovernmental relations, and not more than 2 of whom shall be from any 1 political party (sec. 2 (a)).</p> <p>Vacancies in the Commission would not affect powers and would be filled in same manner as original appointment; Chairman and Vice Chairman to be elected by the Commission from among its members; and 4 members would constitute quorum, except that for purpose of taking sworn testimony quorum would consist of 1 member (sec. 2 (b), (c), and (d)).</p>	<p>Establishes temporary, bipartisan National Commission on Intergovernmental Relations, composed of 12 members, 4 appointed by the President of the United States, 2 of whom shall be officers of the executive branch and 2 private citizens; 4 appointed by the President of the Senate, 2 of whom shall be Members of Senate, and 2 private citizens; and 4 appointed by the Speaker of the House, 2 of whom shall be Members of House, and 2 private citizens (sec. 2 (a)); all members of Commission shall have experience with or knowledge of major problems of intergovernmental relations, and political party membership shall be equally divided in each group.</p> <p>Vacancies would not affect powers and filled in same manner as original appointment; Chairman and Vice Chairman to be elected by the Commission from among its members; and 4 members would constitute quorum, except that for purpose of taking sworn testimony quorum would consist of 1 member (sec. 2 (b), (c), and (d)). Requires consultation with representatives of organizations of State and local government officials prior to making appointments of members of Commission (sec. 2 (e)).</p>

3. DUTIES OF COMMISSION AND SUBMISSION OF REPORTS

<p>Commission is directed to study and submit recommendations to Congress, upon (A) past and present relations between National, State, and local governments; (B) past and present allocation of governmental functions and powers among National, State, and local governments; and (C) governmental functions and powers exercised by 2 or more such governments, distribution of jurisdiction over such functions exercised by each such government (sec. 3 (a)); in the fiscal field, relations among National, State, and local governments to determine possibilities and mechanism for achieving, on a continuous basis, consistency in fiscal policies of the several levels of governments; particular attention to be given to (A) intergovernmental tax immunities in terms of problems they create for governments and taxpayers, and means for resolving these problems; (B) revenue sources and means for reducing or eliminating intergovernmental tax competition; and (C) grants-in-aid, tax sharing, and other similar measures for adjusting financial resources to needs of State and local governments, with a view to proposing guides to the use of such devices and improvements in their operation (sec. 3 (a)).</p> <p>Commission to submit final report of activities, and results of studies to Congress on or before the end of the 2d fiscal year which commences after date of enactment of this act (sec. 3 (b)).</p>	<p>Commission is directed to make thorough and comprehensive study of following and related subjects to determine what changes in existing relationships are necessary to accomplish purposes: (A) origin and development and present status of relations and interrelations of Federal, State, and local governments; (B) allocation of governmental functions among Federal, State, and local governments; (C) problem of geographical areas as related to governmental functions, field administration, and metropolitan communities; and (D) gradual encroachment upon Federal system of current and impending developments in fiscal relations of Federal Government with States and of States with their political subdivisions (sec. 3 (1)).</p> <p>Commission to submit final report and recommendations to President and Congress, on subjects indicated above, and suggest plans and procedures for carrying these recommendations into effect, not later than Mar. 31, 1955 (sec. 3 (2)).</p>	<p>(Same as sec. 3 (a) of S. 1328.)</p> <p>Commission to submit interim reports at such time or times as it deems necessary, and comprehensive report of activities and results of studies to Congress on or before Dec. 31, 1952 (approximately 21 months after introduction of bill); final report to be submitted not later than Mar. 31, 1953 (approximately 2 years after its introduction), to propose such constitutional amendments, legislative enactments, and administrative actions as in its judgment are necessary to carry out its recommendations with respect to each level of government (sec. 3 (b)).</p>
<p>Commission is directed to study and investigate present activities in which Federal aid is extended to State and local governments, to determine and report whether there is justification for Federal aid in the various fields in which Federal aid should be extended; whether Federal control with respect to these activities should be limited, and if so to what extent; whether Federal aid should be limited to cases of need; and all other matters incident to such Federal aid, including ability of Federal Government and States to finance activities of this nature (sec. 3 (a)).</p> <p>Commission to transmit final report, including recommendations for legislative action, to the President for transmission to the Congress, not later than Mar. 1, 1954; but Commission is authorized to make such earlier reports to President from time to time, as President or Commission deems appropriate (sec. 3 (b)).</p>		

Comparative analysis of bills proposing the creation of commissions to study intergovernmental relations—Continued

S. 1514 (Taft)	S. 525 (Hendrickson)	S. 1328 (Humphrey)	S. 1146 (committee bill, 821 Cong.)
<p>Commission, or any subcommittee or member thereof, when authorized by Commission, may hold hearings and sit and act at such times and places and take such testimony, for purposes of carrying out provisions of act, as Commission, subcommittee, or member may deem advisable (sec. 4 (a)). Commission is authorized to secure from any department, agency, or instrumentality of executive branch of the Government any information it deems necessary to carry out its functions and in each such department, agency, etc., is authorized and directed to furnish such information to Commission upon request by Chairman, or by Vice Chairman when acting as Chairman (sec. 4 (b)).</p> <p>(No authority to subpoena witnesses, administer oaths, etc., as in S. 526.)</p>	<p>Commission may hold such hearings, require by subpoena or otherwise attendance of witnesses and production of such correspondence, books, papers, and documents, take such testimony and sit and act at such times and places as it deems advisable. Any member of Commission may administer oaths or affirmations to witnesses appearing before it, and Commission may delegate such powers to any member or group of members. Count in criminal statutes relative to persons failing to appear and testify or furnish relevant information are made applicable (sec. 4 (a)). Commission authorized to secure from any department, agency, or instrumentality of executive branch any information it deems necessary to carry out its functions, and in each such department, agency, etc., is authorized and directed to furnish such information upon request made by Chairman or Vice Chairman (sec. 4 (b)).</p>	<p>Commission may hold such hearings, take such testimony, and sit and act at such times and places as it deems advisable. Any member of Commission may administer oaths or affirmations to witnesses appearing before it, and Commission may delegate such powers to any member or group of its members (sec. 4 (a)). Commission is authorized to secure from any department, agency, or instrumentality of executive branch any information it deems necessary to carry out its functions, and in each such department, agency, etc., is authorized and directed to furnish such information upon request made by Chairman or Vice Chairman (sec. 4 (b)).</p>	<p>Same as subsecs. (a) and (b) of sec. 4, in S. 1328, but includes a further provision that Commission shall advise and consult with representatives of labor, in industry, commerce, agriculture, taxpayers organizations, State and local governments, and other interested groups, and may establish such advisory committee or committees as may be desirable from among such representatives (sec. 4 (c)).</p>

4. POWERS OF COMMISSION

5. APPROPRIATIONS, EXPENSES, AND PERSONNEL

Authorizes necessary appropriations to carry out provisions of act, and provides compensation for members of Commission at rate of \$50 per diem when engaged in performance of official duties, except that no compensation may be paid to members who are receiving other compensation from Federal, State, or local governments; and authorizes reimbursement of Commission members for travel, subsistence, and other necessary expenses incurred in the performance of official duties. Commission may appoint and fix compensation of such employees as it deems advisable, in accordance with provisions of civil-service and classification laws, but may procure, without regard to civil-service and classification laws, temporary services, to same extent as is authorized for departments by applicable statutes, but at rates not to exceed \$50 per day; and appoint and fix compensation of a Director, without regard to civil-service and classification laws, who shall perform such duties as Commission shall prescribe (sec. 5).	Authorizes necessary appropriations to carry out provisions of act (sec. 6), and provides that members of Commission, other than those from Congress or executive branch, shall receive compensation at rate of \$50 per diem when engaged in performance of official duties (sec. 5 (a), (b), and (c)). Members from executive branch shall receive, in addition to compensation received for duties performed in executive branch, compensation of \$50 per day, when engaged in Commission duties, provided that total aggregate salary does not exceed \$12,500 per year (sec. 5 (c)). All members would be reimbursed for travel, subsistence, and other necessary expenses incurred in performance of official duties (sec. 5). Commission is authorized to appoint and fix compensation of a Director of Research and all other necessary personnel without regard to civil-service laws, and without regard to political affiliations, solely on ground of fitness to perform duties of office (sec. 4 (c)).	Authorizes necessary appropriations to carry out provisions of act (sec. 6). Provides that members of Commission who are Members of Congress or from executive branch shall serve without compensation, but shall be reimbursed for travel, subsistence, and other necessary expenses incurred in performance of official duties (sec. 5 (a)). Other members of the Commission are authorized compensation at rate of \$50 per day when engaged in performance of official duties, as well as reimbursement for travel and subsistence (sec. 5 (b)). Commission is authorized to appoint and fix compensation of an executive secretary, who shall be its chief administrative officer, without regard to civil-service and classification laws, and to appoint such other personnel as it deems advisable, but at rates of compensation not in excess of rates prescribed in Classification Act of 1919, as amended, for comparable duties (sec. 4 (c)).	Same as S. 1325 (sec. 6, sec. 5 (a) and (b), and sec. 4 (d)).
---	--	---	---

6. TERMINATION OF COMMISSION

Commission shall terminate 6 months after submission of final report (Sept. 1, 1954—6 months after final reporting date of Mar. 1, 1954).	Commission shall cease to exist at end of fiscal year during which its final report to the President and the Congress is made (June 30, 1955) (sec. 7) (following submission of final report on Mar. 31, 1955) (sec. 3 (2)).	Commission terminates upon submission of final report (on or before end of fiscal year in which commences after date of enactment of act (sec. 3 (b))). (June 30, 1955, if approved before June 30, 1953.)	Terminates on Mar. 31, 1953 (approximately 2 years after introduction of bill) (sec. 3 (b)).
---	--	--	--

Approved:
WALTER L. REYNOLDS,
Staff Director.

×

ELI E. NOBLEMAN,
Professional Staff Member.

83^D CONGRESS
1ST SESSION

H. R. 4406

IN THE HOUSE OF REPRESENTATIVES

APRIL 1, 1953

Mr. HALLECK introduced the following bill; which was referred to the Committee on Government Operations

A BILL

To establish a Commission on Governmental Functions and
Fiscal Resources.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That—

4 DECLARATION OF PURPOSE

5 SECTION 1. Because existing confusion and wasteful
6 duplication of functions and administration pose a threat to
7 the objectives of programs of the Federal Government shared
8 in by the States, including their political subdivisions, be-
9 cause the activity of the Federal Government has been ex-
10 tended into many fields which, under our constitutional
11 system, are the primary interest and obligation of the several

1 States and the subdivisions thereof, and because of the re-
2 sulting complexity of intergovernmental relations, it is neces-
3 sary to study the proper role of the Federal Government in
4 relation to the States and their political subdivisions, with
5 respect to such fields, to the end that these relations may
6 be clearly defined and the functions concerned may be al-
7 located to their proper jurisdiction. It is further necessary
8 that intergovernmental fiscal relations be so adjusted that
9 each level of government discharges the functions which
10 belong within its jurisdiction in a sound and effective manner.

11 COMMISSION ON GOVERNMENTAL FUNCTIONS AND FISCAL
12 RESOURCES

13 SEC. 2. (a) For the purpose of carrying out this Act
14 there is hereby established a commission to be known as
15 the Commission on Governmental Functions and Fiscal
16 Resources, hereinafter referred to as the "Commission".

17 (b) The Commission shall be composed of twenty-five
18 members, as follows:

19 (1) Fifteen members appointed by the President of
20 the United States, from among whom the President shall
21 designate the Chairman and the Vice Chairman of the
22 Commission;

23 (2) Five members appointed by the President of the
24 Senate, three from the majority party, and two from the
25 minority party; and

1 (3) Five members appointed by the Speaker of the
2 House of Representatives, three from the majority party,
3 and two from the minority party.

4 (c) Any vacancy in the Commission shall not affect
5 its powers, but shall be filled in the same manner in which
6 the original appointment was made.

7 (d) Thirteen members of the Commission shall con-
8 stitute a quorum, but a lesser number may conduct hearings.

9 (e) Service of an individual as a member of the Com-
10 mission or employment of an individual by the Commission
11 as an attorney or expert in any business or professional field,
12 on a part-time or full-time basis, with or without compen-
13 sation, shall not be considered as service or employment
14 bringing such individual within the provisions of sections
15 281, 283, 284, 434, or 1914 of title 18 of the United
16 States Code, or section 190 of the Revised Statutes (5
17 U. S. C. 99).

18 DUTIES OF THE COMMISSION

19 SEC. 3. (a) The Commission shall study and investi-
20 gate all of the present activities in which Federal aid is
21 extended to State and local governments. The Commission
22 shall determine and report whether there is justification for
23 Federal aid in the various fields in which Federal aid is ex-
24 tended; whether there are other fields in which Federal aid
25 should be extended; whether Federal control with respect

1 to these activities should be limited, and, if so, to what
2 extent; whether Federal aid should be limited to cases of
3 need; and all other matters incident to such Federal aid,
4 including the ability of the Federal Government and the
5 States to finance activities of this nature.

6 (b) The Commission, not later than March 1, 1954, shall
7 submit to the President for transmittal to the Congress its
8 final report, including recommendations for legislative action;
9 and the Commission may also from time to time make to the
10 President such earlier reports as the President may request
11 or as the Commission deems appropriate.

12 HEARINGS; OBTAINING INFORMATION

13 SEC. 4. (a) The Commission or, on the authorization
14 of the Commission, any subcommittee or member thereof,
15 may, for the purpose of carrying out the provisions of this
16 Act, hold such hearings and sit and act at such times and
17 places, and take such testimony, as the Commission or such
18 subcommittee or member may deem advisable. .

19 (b) The Commission is authorized to secure from any
20 department, agency, or independent instrumentality of the
21 executive branch of the Government any information it
22 deems necessary to carry out its functions under this Act;
23 and each such department, agency, and instrumentality is
24 authorized and directed to furnish such information to the

1 Commission, upon request made by the Chairman or by the
2 Vice Chairman when acting as Chairman.

3 APPROPRIATIONS, EXPENSES, AND PERSONNEL

4 SEC. 5. (a) There are hereby authorized to be appro-
5 priated such amounts as may be necessary to carry out the
6 provisions of this Act.

7 (b) Each member of the Commission shall receive \$50
8 per diem when engaged in the performance of duties vested
9 in the Commission, except that no compensation shall be
10 paid by the United States, by reason of service as a member,
11 to any member who is receiving other compensation from the
12 Federal Government, or to any member who is receiving
13 compensation from any State or local government.

14 (c) Each member of the Commission shall be reimbursed
15 for travel, subsistence, and other necessary expenses incurred
16 by him in the performance of duties vested in the Com-
17 mission.

18 (d) The Commission may appoint and fix the compen-
19 sation of such employees as it deems advisable in accordance
20 with the provisions of the civil-service laws and the classifica-
21 tion laws.

22 (e) The Commission may procure, without regard to
23 the civil-service laws and the classification laws, temporary
24 and intermittent services to the same extent as is authorized

1 for the departments by section 15 of the Act of August 2,
2 1946 (60 Stat. 810), but at rates not to exceed \$50 per
3 diem for individuals.

4 (f) Without regard to the civil-service and classifica-
5 tion laws, the Commission may appoint and fix the compen-
6 sation of a Director who shall perform such duties as the
7 Commission shall prescribe.

8 TERMINATION OF THE COMMISSION

9 SEC. 6. Six months after the transmittal to the Congress
10 of the final report provided for in section 3 of this Act, the
11 Commission shall cease to exist.

83^d CONGRESS
1ST Session

H. R. 4406

A BILL

To establish a Commission on Governmental
Functions and Fiscal Resources.

By Mr. HALLECK

APRIL 1, 1953

Referred to the Committee on Government Operations

83D CONGRESS
1ST SESSION

S. 1514

IN THE SENATE OF THE UNITED STATES

APRIL 1, 1953

MR. TAFT introduced the following bill; which was read twice and referred
to the Committee on Government Operations

A BILL

To establish a Commission on Governmental Functions and Fiscal
Resources.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 DECLARATION OF PURPOSE

4 SECTION 1. Because existing confusion and wasteful
5 duplication of functions and administration pose a threat to
6 the objectives of programs of the Federal Government shared
7 in by the States including their political subdivisions, because
8 the activity of the Federal Government has been extended
9 into many fields which, under our constitutional system, are
10 the primary interest and obligation of the several States and
11 the subdivisions thereof, and because of the resulting com-

1 plexity of intergovernmental relations, it is necessary to
2 study the proper role of the Federal Government in relation
3 to the States and their political subdivisions, with respect to
4 such fields, to the end that these relations may be clearly
5 defined and the functions concerned may be allocated to their
6 proper jurisdiction. It is further necessary that intergovern-
7 mental fiscal relations be so adjusted that each level of gov-
8 ernment discharges the functions which belong within its
9 jurisdiction in a sound and effective manner.

10 COMMISSION ON GOVERNMENTAL FUNCTIONS AND
11 FISCAL RESOURCES

12 SEC. 2. (a) For the purpose of carrying out this Act
13 there is hereby established a Commission to be known as
14 the Commission on Governmental Functions and Fiscal Re-
15 sources, hereinafter referred to as the "Commission".

16 (b) The Commission shall be composed of twenty-five
17 members, as follows:

18 (1) Fifteen members appointed by the President of
19 the United States, from among whom the President shall
20 designate the Chairman and the Vice Chairman of the
21 Commission;

22 (2) Five members appointed by the President of the
23 Senate, three from the majority party, and two from the
24 minority party; and

1 (3) Five members appointed by the Speaker of the
2 House of Representatives, three from the majority party,
3 and two from the minority party.

4 (c) Any vacancy in the Commission shall not affect its
5 powers, but shall be filled in the same manner in which the
6 original appointment was made.

7 (d) Thirteen members of the Commission shall con-
8 stitute a quorum, but a lesser number may conduct hearings.

9 (e) Service of an individual as a member of the Com-
10 mission or employment of an individual by the Commission
11 as an attorney or expert in any business or professional
12 field, on a part-time or full-time basis, with or without com-
13 pensation, shall not be considered as service or employ-
14 ment bringing such individual within the provisions of sec-
15 tion 281, 283, 284, 434, or 1914 of title 18 of the United
16 States Code, or section 190 of the Revised Statutes (5
17 U. S. C. 99).

18 DUTIES OF THE COMMISSION

19 SEC. 3. (a) The Commission shall study and investigate
20 all of the present activities in which Federal aid is extended
21 to State and local governments. The Commission shall de-
22 termine and report whether there is justification for Federal
23 aid in the various fields in which Federal aid is extended;
24 whether there are other fields in which Federal aid should

1 be extended; whether Federal control with respect to these
2 activities should be limited, and, if so, to what extent;
3 whether Federal aid should be limited to cases of need; and
4 all other matters incident to such Federal aid, including the
5 ability of the Federal Government and the States to finance
6 activities of this nature.

7 (b) The Commission, not later than March 1, 1954,
8 shall submit to the President for transmittal to the Congress
9 its final report, including recommendations for legislative
10 action; and the Commission may also from time to time
11 make to the President such earlier reports as the President
12 may request or as the Commission deems appropriate.

13 HEARINGS; OBTAINING INFORMATION

14 SEC. 4. (a) The Commission or, on the authorization of
15 the Commission, any subcommittee or member thereof, may,
16 for the purpose of carrying out the provisions of this Act,
17 hold such hearings and sit and act at such times and places,
18 and take such testimony, as the Commission or such subcom-
19 mittee or member may deem advisable.

20 (b) The Commission is authorized to secure from any
21 department, agency, or independent instrumentality of the
22 executive branch of the Government any information it deems
23 necessary to carry out its functions under this Act; and each
24 such department, agency, and instrumentality is authorized

1 and directed to furnish such information to the Commission,
2 upon request made by the Chairman or by the Vice Chair-
3 man when acting as Chairman.

4 APPROPRIATIONS, EXPENSES, AND PERSONNEL

5 SEC. 5. (a) There are hereby authorized to be appro-
6 priated such amounts as may be necessary to carry out the
7 provisions of this Act.

8 (b) Each member of the Commission shall receive \$50
9 per diem when engaged in the performance of duties vested
10 in the Commission, except that no compensation shall be
11 paid by the United States, by reason of service as a member,
12 to any member who is receiving other compensation from
13 the Federal Government, or to any member who is receiving
14 compensation from any State or local government.

15 (c) Each member of the Commission shall be reim-
16 bursed for travel, subsistence, and other necessary expenses
17 incurred by him in the performance of duties vested in the
18 Commission.

19 (d) The Commission may appoint and fix the compen-
20 sation of such employees as it deems advisable in accordance
21 with the provisions of the civil-service laws and the classifi-
22 cation laws.

23 (e) The Commission may procure, without regard to
24 the civil-service laws and the classification laws, temporary

1 and intermittent services to the same extent as is authorized
2 for the departments by section 15 of the Act of August 2,
3 1946 (60 Stat. 810), but at rates not to exceed \$50 per
4 diem for individuals.

5 (f) Without regard to the civil-service and classifica-
6 tion laws, the Commission may appoint and fix the compen-
7 sation of a Director who shall perform such duties as the
8 Commission shall prescribe.

9 TERMINATION OF THE COMMISSION

10 SEC. 6. Six months after the transmittal to the Congress
11 of the final report provided for in section 3 of this Act, the
12 Commission shall cease to exist.

A BILL

To establish a Commission on Governmental
Functions and Fiscal Resources.

By Mr. TAFT

APRIL 1, 1953

Read twice and referred to the Committee on
Government Operations

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

Issued April 2, 1953

For actions of April 1, 1953

83rd-1st, No. 56

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

CONTENTS

Access Roads.....	32	Grain.....	36	Price supports.....	20
Appropriations.....	7	Health.....	21	Reclamation.....	22
Civil Service.....	6	Inflation.....	9	Reorganization.....	16
Contracts.....	25	Intergovernmental Rela- tions.....	5,17,34	Research.....	3
Dairy industry.....	11	Labor, farm.....	28	Section 32 funds.....	26
Daylight saving time.....	2	Legislative program.....	15	Small business.....	19
Economic Advisers.....	4	Livestock.....	10,27	Submerged lands.....	1,13,24
Education.....	3	Minerals.....	14	Trade, foreign.....	10,39
Electrification.....	31	Nomination.....	6	Treaties.....	33
Expenditures.....	8	Organization.....	35	Water Projects.....	18
Farm credit.....	16	Postal rates.....	23		
Farm program.....	29	Prices, farm.....	10,27		

HIGHLIGHTS: Sen. Taft, for himself and others, and Rep. Halleck introduced and discussed bills for study of intergovernmental relations. Sen. Mundt, for himself and others introduced & discussed bill to strengthen price supports through import controls. Sen. Stennis urged more research and education.

SENATE

1. SUBMERGED LANDS. Began debate on S. J. Res. 13, to establish State title to submerged lands (pp. 2706-19, 2725-31).
2. DAYLIGHT SAVING TIME. The D. C. Committee reported without amendment S. 1419, to permit the D. C. Commissioners to establish daylight saving time in D. C. (S. Rept. 136)(p. 2691).
3. RESEARCH; EDUCATION. Sen. Stennis urged expansion of research and educational activities as "keys to a prosperous agriculture". (pp. 2719-23).
4. ECONOMIC ADVISERS. Sens. Murray and Humphrey urged continuation of the Council of Economic Advisers (pp. 2724-5).
5. INTERGOVERNMENTAL RELATIONS. Sen. Hendrickson spoke in favor of a commission to study relations between the Federal, State, and local governments (pp. 2731-2).
6. NOMINATION of George M. Moore, to be a Civil Service Commissioner, was received (p. 2733).
7. APPROPRIATIONS. Sen. Byrd submitted an amendment which he intends to propose to S. Con. Res. 8, providing for a consolidated general appropriation bill (p. 2701).
8. EXPENDITURES. Sen. Byrd inserted a speech by Comptroller General Warren favoring economy in Government expenditures (pp. 2703-6).
9. INFLATION. Sen. Ives inserted an article by Rev. B. L. Masse reporting the reasons why Sen. Capehart is recommending standby controls (p. 2636).

10. FARM PRICES. Sen. Humphrey inserted a Farmers Union local resolution favoring "full parity" (p. 2689).
Sen. Wiley inserted a Rice Lake Common Council resolution favoring action to maintain farm income (pp. 2690-1).
Sen. Humphrey inserted a Co-op Services, Inc., resolution favoring 100% price supports (p. 2690).
Sen. Langer inserted a Farm Bureau local resolution favoring a prohibition against meat imports as a means of bolstering prices (p. 2690).
 11. DAIRY INDUSTRY. Sen. Humphrey inserted a Co-op Services resolution urging Army purchase of butter instead of oleomargarine for Army and school-lunch use (p. 2690).
 12. LEGISLATIVE PROGRAM. Sen. Taft announced: "Probably the proposed tidelands legislation will be followed by consideration of the defense production and controls bill. I hope that bill may be followed by the measure providing statehood for Hawaii. By that time appropriation bills and other measures probably will be pressing on the Senate. So beginning next Tuesday, it is proposed to have the Senate meet every day through Friday in each week." (p. 2732).
- HOUSE
13. SUBMERGED LANDS. Passed, 285-108, H. R. 4198, to confirm and establish State titles to submerged lands (pp. 2734-5).
 14. MINERALS. The Interior and Insular Affairs Committee ordered reported (but did not actually report) H. R. 3915, to permit the mining, development, and utilization of mineral resources on all public lands withdrawn or reserved for power development (p. D228).
 15. LEGISLATIVE PROGRAM. Rep. Halleck stated that after the Easter recess (Apr. 3-12), the House will consider D. C. bills and the Consent Calendar on Mon., followed by the Mexican farm labor bill, the Private Calendar, and the Interior appropriation bill on Tues. and Wed. (pp. 2735-6).

BILLS INTRODUCED

16. FARM CREDIT; REORGANIZATION. S. 1505 (see Digest 54) would continue FCA in this Department but would make it subject to supervision by a Farm Credit Board.
17. INTERGOVERNMENTAL RELATIONS. S. 1514, by Sen. Taft, and H. R. 4406, by Rep. Halleck, to establish a Commission on Government Functions and Fiscal Resources to Committees on Government Operations (pp. 2691, 2758). Remarks of Sen. Taft (p. 2692).
18. WATER PROJECTS. S. 1522, by Sen. Butler, to exempt from the Federal Power Act certain State and municipal water project works; to Interstate and Foreign Commerce Committee. Remarks of author (p. 2692).
19. SMALL BUSINESS. S. 1523, by Sen. Thye, to create the Small Business Administration and to preserve small-business institutions and free, competitive enterprise; to Banking and Currency Committee. Remarks of author (pp. 2692-3).
20. PRICE-SUPPORTS. S. 1538, by Sen. Mundt et al, to amend the Agricultural Act of 1949, as amended, to strengthen American agriculture and reduce the cost of price-support operations through import controls; to Agriculture and Forestry Committee. Remarks of Sen. Mundt (pp. 2697-8).

Agriculture and Forestry, and ordered to be printed in the RECORD, as follows:

Whereas agricultural income has a definite bearing on the Nation's economy, and agricultural trends are closely watched as barometers; and

Whereas Barron County is basically an agricultural and dairy county, and Rice Lake is part of that county and naturally feels the affects of up and down trends in agricultural income sooner than do industrial sections of the land; and

Whereas farm prices have now dropped 12 percent under the 1952 level, while many things the farmer has to buy have continued to increase in price; Therefore be it

Resolved, That the mayor and common council, duly assembled this 24th day of March, 1953, do feel a concern over the trend in agricultural prices, and therefore respectfully petition Hon. Secretary of Agriculture, Mr. Ezra T. Benson to do everything practical to place all agricultural income on an equal basis with the things the farmer has to buy to maintain his farm operations, so that the family-size farm will survive, and remain prosperous; be it further

Resolved, That a copy of this resolution be sent to the President of these United States, Hon. JOSEPH R. McCARTHY, Hon. ALEXANDER WILEY, Senators, and Hon. MERLIN HULL, Congressman.

FRANK A. HAVEL,
Mayor.

Attest:

G. M. BAILEY,
City Clerk.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. SALTONSTALL, from the Committee on Armed Services:

H. R. 4130. A bill to amend title V of the Department of Defense Appropriation Act, 1953, so as to permit the continued use of appropriations thereunder to make payments to ARO, Inc., for operation of the Arnold Engineering Development Center after March 31, 1953; without amendment (Rept. No. 135).

By Mr. CASE, from the Committee on the District of Columbia:

S. 1419. A bill to permit the Board of Commissioners of the District of Columbia to establish daylight-saving time in the District; without amendment (Rept. No. 136).

TITLES TO CERTAIN SUBMERGED LANDS—MINORITY VIEWS

Mr. MURRAY (for himself, Mr. ANDERSON, and Mr. JACKSON, members of the Committee on Interior and Insular Affairs) submitted minority views on the joint resolution (S. J. Res. 13) to confirm and establish the titles of the States to lands beneath navigable waters within State boundaries and to the natural resources within such lands and waters, and to provide for the use and control of said lands and resources, which were ordered to be printed, as part 2 of Report No. 133.

BILLS AND JOINT RESOLUTIONS INTRODUCED

Bills and joint resolutions were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. TAFT:

S. 1513. A bill for the relief of Erno Schischa; to the Committee on the Judiciary.

S. 1514. A bill to establish a Commission on Governmental Functions and Fiscal Resources; to the Committee on Government Operations.

(See the remarks of Mr. TAFT when he introduced the last above-mentioned bill, which appear under a separate heading.)

By Mr. HUNT (for himself, Mr. ANDERSON, Mr. BARRETT, Mr. BENNETT, Mr. CHAVEZ, Mr. CORDON, Mr. JACKSON, Mr. JOHNSON of Colorado, Mr. MAGNUSON, Mr. MANSFIELD, Mr. MORSE, and Mr. MURRAY):

S. 1515. A bill granting the consent of Congress to certain Western States and the Territories of Alaska and Hawaii to enter into a compact relating to higher education in the Western States and establishing the Western Interstate Commission for Higher Education; to the Committee on Labor and Public Welfare.

(See the remarks of Mr. HUNT when he introduced the above bill, which appear under a separate heading.)

By Mr. CARLSON:

S. 1516. A bill for the relief of Akemi Terada; to the Committee on the Judiciary.

By Mr. BUTLER of Maryland:

S. 1517. A bill for the relief of Helen Knight Waters and Arnold Elzey Waters, Jr.; to the Committee on the Judiciary.

By Mr. POTTER:

S. 1518. A bill for the relief of Raymond George Hamway; to the Committee on the Judiciary.

By Mr. LEHMAN:

S. 1519. A bill for the relief of Vladimir Datenko;

S. 1520. A bill for the relief of Andre Styka; and

S. 1521. A bill for the relief of Richard Robert Kabisch; to the Committee on the Judiciary.

By Mr. BUTLER of Nebraska:

S. 1522. A bill to exempt from the Federal Power Act certain State and municipal water project works and for other purposes; to the Committee on Interstate and Foreign Commerce.

(See the remarks of Mr. BUTLER when he introduced the above bill, which appear under a separate heading.)

By Mr. THYE:

S. 1523. A bill to create the Small Business Administration and to preserve small-business institutions and free, competitive enterprise; to the Committee on Banking and Currency.

(See the remarks of Mr. THYE when he introduced the above bill, which appear under a separate heading.)

By Mr. SALTONSTALL (by request):

S. 1524. A bill to authorize the Secretary of the Navy to furnish certain supplies and services to foreign naval vessels on a reimbursable basis, and for other purposes;

S. 1525. A bill to authorize the Secretary of the Navy to convey to the Tarrant County Water Control and Improvement District No. 1 certain parcels of land in exchange for other lands and interests therein at the former United States Marine Corps Air Station, Eagle Mountain Lake, Tex.;

S. 1526. A bill to amend the Army-Navy Medical Services Corps Act of 1947 (61 Stat. 734), as amended, so as to authorize the appointment of a Chief of the Medical Service Corps of the Navy, and for other purposes;

S. 1527. A bill to amend section 40b of the National Defense Act, as amended (41 Stat. 759, 777), to remove the limitation upon the detail of officers on the active list for recruiting service and for duty with ROTC units;

S. 1528. A bill to continue in effect certain appointments as officers and as warrant officers of the Army and of the Air Force;

S. 1529. A bill to amend the act of July 28, 1942 (ch. 528, 56 Stat. 722), relating to posthumous appointments and commissions, and for other purposes; and

S. 1530. A bill to amend the Army-Navy Nurses Act of 1947 to authorize the appointment in the grade of first lieutenant of nurses and medical specialists in the Regular Army and Regular Air Force, and appointment with rank of lieutenant (junior grade) of nurses in the Regular Navy; to the Committee on Armed Services.

(By Mr. SALTONSTALL (for himself and Mr. HUNT) (by request)

S. 1531. A bill to amend the Universal Military Training and Service Act, as amended, so as to provide for special registration, classification, and induction of certain medical, dental, and allied specialist categories, and for other purposes; to the Committee on Armed Services.

(See the remarks of Mr. SALTONSTALL when he introduced the above bills, which appear under a separate heading.)

By Mr. MALONE:

S. 1532. A bill for the relief of certain individuals who were denied receipt of retired pay under title III of the Army and Air Force Vitalization and Retirement Equalization Act of 1948 from the effective date thereof although they were then qualified therefor, and for other purposes; to the Committee on Armed Services.

S. 1533. A bill for the relief of Hilario Camino Moncado;

S. 1534. A bill for the relief of Michael Patrinos;

S. 1535. A bill for the relief of Hilda Tobe;

S. 1536. A bill for the relief of Elpis Eleftheria Morellis; and

S. 1537. A bill for the relief of Diana Toy Moncado; to the Committee on the Judiciary.

By Mr. MUNDT (for himself, Mr. BARRETT, Mr. BENNETT, Mr. BUTLER of Nebraska, Mr. CASE, Mr. CORDON, Mr. DWORSHAK, Mr. HUNT, Mr. JOHNSON of Colorado, Mr. MCCARRAN, Mr. WATKINS, Mr. WELKER, Mr. YOUNG, and Mr. THYE):

S. 1538. A bill to amend the Agricultural Act of 1949, as amended, to strengthen American agriculture and reduce the cost of price-support operations; to the Committee on Agriculture and Forestry.

(See the remarks of Mr. MUNDT when he introduced the above bill, which appear under a separate heading.)

By Mr. MURRAY:

S. 1539. A bill to stimulate the exploration, production, and conservation of strategic and critical ores, metals, and minerals and for the establishment within the Defense Materials Procurement Agency of a Mine Incentive Payments Division, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. HILL (for himself and Mr. SPARKMAN):

S. 1540. A bill to authorize the conveyance to the city of Anniston, Ala., of certain real property within Fort McClellan, Ala.; to the Committee on Armed Services.

By Mr. KEFAUVER:

S. 1541. A bill to require the deferment of action with respect to the transfer of the operating headquarters of the Tennessee Valley Authority from Knoxville, Tenn., to any other place, and for other purposes; to the Committee on Public Works.

(See the remarks of Mr. KEFAUVER when he introduced the above bill, which appear under a separate heading.)

By Mr. AIKEN:

S. 1542. A bill to provide for the health and protection of the citizens of the United States from harmful chemical additives in pesticides; to the Committee on Labor and Public Welfare.

By Mr. JOHNSON of Colorado:

S. 1543. A bill to provide for the settlement of certain parts of Alaska by war veterans; to the Committee on Interior and Insular Affairs.

By Mr. SALTONSTALL (by request):

S. 1544. A bill to repeal the authority to purchase discharge from the Army, the Navy,

the Air Force, and the Marine Corps; to the Committee on Armed Services.

(See the remarks of Mr. SALTONSTALL when he introduced the above bill, which appear under a separate heading.)

By Mr. PAYNE (by request):

S. J. Res. 63. Joint resolution authorizing the District of Columbia to enter into Interstate Civil Defense Compacts; to the Committee on Armed Services.

By Mr. HUMPHREY:

S. J. Res. 64. Joint resolution proposing an amendment to the Constitution of the United States to grant to citizens of the United States who have attained the age of 18 the right to vote; to the Committee on the Judiciary.

(See the remarks of Mr. HUMPHREY when he introduced the above joint resolution, which appear under a separate heading.)

COMMISSION ON GOVERNMENTAL FUNCTIONS AND FISCAL RESOURCES

Mr. TAFT. Mr. President, I introduce for appropriate reference a bill to carry out in general the purpose of the President's message of Monday, to create a commission of 25 members to study State-Federal relationships. The essential purposes of the commission are set forth in the following language in the bill:

SEC. 3. (a) The Commission shall study and investigate all of the present activities in which Federal aid is extended to State and local governments. The Commission shall determine and report whether there is justification for Federal aid in the various fields in which Federal aid is extended; whether there are other fields in which Federal aid should be extended; whether Federal control with respect to these activities should be limited, and, if so, to what extent; whether Federal aid should be limited to cases of need; and all other matters incident to such Federal aid, including the ability of the Federal Government and the States to finance activities of this nature.

Mr. MALONE. Mr. President, will the Senator yield for a question?

Mr. TAFT. I yield to the Senator from Nevada.

Mr. MALONE. Does the study include aid to foreign nations?

Mr. TAFT. No; it has no relation to aid to foreign nations.

The VICE PRESIDENT. The bill will be received and appropriately referred.

The bill (S. 1514) to establish a Commission on Governmental Functions and Fiscal Resources, introduced by Mr. TAFT, was received, read twice by its title, and referred to the Committee on Government Operations.

WESTERN INTERSTATE COMMISSION FOR HIGHER EDUCATION

Mr. HUNT. Mr. President, on behalf of myself, the junior Senator from New Mexico [Mr. ANDERSON], my colleague, the junior Senator from Wyoming [Mr. BARRETT], the Senator from Utah [Mr. BENNETT], the senior Senator from New Mexico [Mr. CHAVEZ], the senior Senator from Oregon [Mr. CORDON], the junior Senator from Washington [Mr. JACKSON], the Senator from Colorado [Mr. JOHNSON], the senior Senator from Washington [Mr. MAGNUSON], the junior Senator from Montana [Mr. MANSFIELD],

the junior Senator from Oregon [Mr. MORSE], and the senior Senator from Montana [Mr. MURRAY], I introduce, for appropriate reference, a bill requesting the Congress to grant its consent to the 11 Western States, Hawaii and Alaska, to enter into a compact relating to higher education in the West, and to establish a Western States Commission for Higher Education.

In introducing the bill, may I direct the attention of the Congress to the fact that last year some 20,000 young men in the United States could not enter a school of medicine or dentistry because of the lack of educational facilities.

Other thousands of young men who would like to study medicine or dentistry, understanding that they may never be able to enter a medical or dental school, do not embark upon a course of preparatory study for these professions.

In the Rocky Mountain area, 10 States, with over 10 million people, extending from Canada to Mexico, do not have a single institution of higher learning for the teaching of dentistry.

The bill is designed to make all of the higher educational facilities in the West available to the citizens from any of the 11 Western States, thereby increasing the possibility for higher education on the one hand—and greatly decreasing costs in many States on the other.

The bill provides a number of concrete benefits:

First. States now without training facilities in medicine, dentistry, and veterinarian medicine would be in a position to provide educational opportunities for their youth.

Second. Established schools would receive a welcome financial boost—in that nonresident students' home States will pay their full cost of training and the schools can add the staffs and equipment required to strengthen educational opportunities and facilities to all students.

Third. Qualified students from States without training facilities would be able to secure training in the field of their choice and, upon graduation, can help to strengthen the health-service picture in their home States.

Fourth. The West as a region would benefit by pooling its educational resources and planning the maximum utilization of these resources.

Most of the Western States, through their State legislatures, have created an Interstate Commission on Higher Education and have provided appropriations as follows:

Arizona: For interstate commission administration, \$7,000 1 year; for local administration, \$3,000 1 year; for student contracts, \$56,000 1 year.

New Mexico: For interstate commission administration, \$14,000 2 years; for student contracts, \$100,000 2 years.

Oregon: For interstate commission administration, \$14,000 2 years; for student contracts, \$70,000 2 years.

Wyoming: For interstate commission administration, \$10,000 2 years; for medical student contracts, \$100,000 2 years.

In all probability other States have taken such action but I do not have the information available.

It is my hope, Mr. President, that the committee to which the bill will be referred will take prompt action to the end that the proposed legislation may be accomplished at this session of the Congress.

The VICE PRESIDENT. The bill will be received and appropriately referred.

The bill (S. 1515) granting the consent of Congress to certain Western States and the Territories of Alaska and Hawaii to enter into a compact relating to higher education in the Western States and establishing the Western Interstate Commission for Higher Education, introduced by Mr. HUNT (for himself and other Senators), was received, read twice by its title, and referred to the Committee on Labor and Public Welfare.

EXEMPTION FROM FEDERAL POWER ACT OF CERTAIN STATE AND MUNICIPAL WATER PROJECT WORKS

Mr. BUTLER of Nebraska. Mr. President, I introduce for appropriate reference a bill to exempt from the Federal Power Act certain State and municipal water project works, and for other purposes.

The Federal Power Act provides that any construction, except by a Federal agency, of a powerplant, a dam, or a diversion from a navigable stream shall not be undertaken until a license is obtained from the Federal Power Commission. The act requires reports and compliance with certain rules and regulations of the Commission. The act further provides that at the expiration of 50 years from the date of the license the works may be taken by the United States under certain conditions.

The bill would prevent the capture of a powerplant owned by a State, or a State or interstate agency, by the United States, and would exempt them from burdensome duties in administration and reporting. It would exempt them from license requirements generally.

The VICE PRESIDENT. The bill will be received and appropriately referred.

The bill (S. 1522) to exempt from the Federal Power Act certain State and municipal water project works, and for other purposes, introduced by Mr. BUTLER of Nebraska, was received, read twice by its title, and referred to the Committee on Interstate and Foreign Commerce.

SMALL BUSINESS ADMINISTRATION

Mr. THYE. Mr. President, I introduce for appropriate reference a bill to create a permanent independent small-business agency to be known as the Small Business Administration.

As chairman of the Select Committee on Small Business, I have become convinced that small business needs an agency in Washington to represent its interests in all the phases of Government activity. Our experience with the Small Defense Plants Administration has taught us how effective a small, efficiently organized agency can be in seeing that small business gets serious con-

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued April 24, 1953
For actions of April 23, 1953
83rd-1st, No. 72

CONTENTS

Administration.....9	Electrification.....16	Rent control.....3
Appropriations.....1,19	Expenditures.....23	St. Lawrence seaway..13,22
Budgeting.....23,24	Flood control.....7,12,20	Submerged lands.....10
Butter.....24	Forestry.....14	Taxation.....8,18
CCC holdings.....24	Immigration.....5	Textiles.....25
Conservation.....14	Land management.....15	Tobacco.....2
Cost-of-living allowances.....6	Linseed oil.....24	Trade, foreign.....4,17
Cotton.....4,21	Livestock.....18	Treaties.....26
Economic controls.....10	Organization.....11	Water resources.....20

HIGHLIGHTS: House Rules Committee cleared Md. tobacco price supports bill. House committee reported Interior appropriation bill. House committee voted to report insurance bill for cotton exports. Senate committee voted to report bills to study Government organization and intergovernmental relations.

HOUSE

1. APPROPRIATIONS. The Appropriations Committee reported the Interior Department appropriation bill for 1954, H. R. 4828 (H. Rept. 314)(p. 3777). The bill contains \$404,863,239, which is \$202,473,161 less than the budget estimates and \$137,874,262 less than the 1953 appropriations. (For excerpts from committee report, see end of this Digest.)
Rep. Rogers, Mass., said the Appropriations Committee makes too many decisions on legislative matters (p. 3744).
2. TOBACCO PRICE SUPPORTS. The Rules Committee reported a resolution for consideration of H. R. 1432, to provide for price supports on the 1952 crop of Maryland tobacco (p. 3781). It is expected that the bill will be debated today, April 24 (p. D311).
3. RENT CONTROL. Passed, 187-66, H. R. 4507, to amend the Housing and Rent Act of 1947, after adopting a committee substitute which provides for extending general rent control for 90 days (to July 31, 1953) and, in areas found by the President to be critical, providing for rent control until April 30, 1954 (pp. 3744-76).
4. COTTON EXPORTS. The Banking and Currency Committee ordered reported (but did not actually report) H. R. 4465, to amend the Export-Import Bank Act by authorizing war-risk insurance on exportation of cotton, etc. (p. D311).
5. IMMIGRATION. Both Houses received the President's message recommending authority for emergency immigration of 120,000 persons a year for the next 2 years; to Judiciary Committees (pp. 3743, 3806).
6. COST-OF-LIVING ALLOWANCES. Received from the Commerce Department a proposed bill to permit payment of certain cost-of-living allowances outside continental U. S. at rates in excess of 25% of the rate of basic pay; to Post Office and Civil Service Committee (p. 3793).

7. FLOOD CONTROL. Passed without amendment H. R. 4025, to authorize appropriation of \$75,000,000 for Army flood-control projects in the Columbia Basin (pp. 3781-91).
8. TAXATION. Rep. Reece, Tenn., recommended additional investigation of tax-exempt foundations (pp. 3776-7).
9. ADMINISTRATION. Rep. McCarthy criticized several department heads, including Secretary Benson (p. 3744).

SENATE

10. SUBMERGED LANDS. Continued debate on S. J. Res. 13, to establish State title to submerged lands; and rejected a motion to set it aside temporarily to take up S. 1081, authorizing temporary economic controls (pp. 3795-806, 3814-65).
11. ORGANIZATION. The Government Operations Committee ordered favorably reported (but did not actually report) S. 1514, to establish a Commission on Governmental Functions and Fiscal Resources, and S. 106, to establish a Commission on Organization of the Executive Branch (p. D309).
12. FLOOD CONTROL. The Public Works Committee ordered favorably reported with clarifying amendments (but did not actually report) S. 261, consenting to the Connecticut River Flood Control Compact (p. D310).
13. ST. LAWRENCE SEAWAY. Sen. Wiley inserted a Milwaukee County Board of Supervisors resolution recommending this project (pp. 3806-7).
14. FORESTRY; CONSERVATION. Sen. Kilgore inserted a Washington Post article, "Tidelands Issue Linked to All Natural Resources," which included a reference to forest resources and the gains made in conservation since 1934 (pp. 3831-2).
15. LAND MANAGEMENT. Sen. Dworshak inserted an Intermountain and Alameda Enterprise editorial praising the choice of Edward Woolley as the new Director of the Bureau of Land Management (p. 3830).
16. ELECTRIFICATION. Sens. Goldwater and Jackson discussed Federal power projects in the Northwest, and their basis for power pricing (pp. 3867-8).

BILLS INTRODUCED

17. FOREIGN TRADE. H. R. 4818, by Rep. Berry, to amend the Tariff Act so as to impose equalization duties upon imports of certain agricultural commodities and minerals, based upon their parity prices; to Ways and Means Committee (p. 3793).
- S. 1739, by Sen. Capehart, to provide for continuation of authority for regulation of exports; to Banking and Currency Committee (p. 3807).
18. TAXATION. S. 1745, by Sen. Kefauver, to provide that the sale or exchange of livestock held for draft, breeding, or dairy purposes necessitated by drought conditions shall be treated as an involuntary conversion for income-tax purposes; to Finance Committee (p. 3808).

ITEMS IN APPENDIX

19. APPROPRIATIONS. Speech in the House by Rep. Whitten explaining why cotton-acreage measurement funds were excluded from the 3rd supplemental appropriation bill and urging increased authorization for rural-telephone loans (pp. A2249-50).

Water Resources Division, Geological Survey; Seton H. Thompson, U. S. Commissioner, International Fisheries Commission, U. S. and Canada; and John L. Kask, Inter-American Tropical Tuna Commission. Hearings continue tomorrow.

SUNDRY BILLS AND NOMINATIONS

Committee on Armed Services: After hearing favorable testimony from representatives of the Defense Department, committee ordered favorably reported the following bills:

S. 1549, to retrocede to the State of Virginia concurrent jurisdiction over certain highways within Fort Belvoir, Va.;

S. 1641, to retrocede to the State of Oklahoma concurrent jurisdiction over the right-of-way for U. S. highways 62 and 277 within Fort Sill Military Reservation, Okla.;

S. 1525, authorizing conveyance and exchange of lands at the former U. S. Marine Corps air station, Eagle Mountain Lake, Tex.;

S. 1548, providing for exchange of certain lands in Puerto Rico;

S. 1545, authorizing conveyance and exchange of burial lots in Washington Parish Burial Ground, District of Columbia;

S. 1544, to repeal the authority to purchase discharge from the Army, Navy, Air Force, and Marine Corps;

S. 1547, to authorize payment for the transportation of household effects of certain naval personnel; and

S. 1550, authorizing the President to prescribe the occasions upon which the uniform of any of the Armed Forces may be worn by persons honorably discharged therefrom.

Committee announced that further hearings will be held on S. 1526, authorizing appointment of a Chief of the Medical Service Corps of the Navy. Also, committee appointed a subcommittee, consisting of Senators Hendrickson (chairman), Cooper, and Hunt, to consider S. 1644, to remove the limitation upon the rank of the director of music, the leader of the Military Academy Band, and S. 1214, to provide for uniform relative rank for persons occupying the positions of leaders or directors of the various service bands.

In executive session, committee ordered favorably reported 23 nominations in the Army and Air Force.

NATO PROTOCOLS

Committee on Foreign Relations: Committee, in executive session, ordered favorably reported:

(1) Agreement between parties of NATO regarding status of their forces, signed at London on June 19, 1951 (Exec. T, 82d Cong., 2d sess.), with the following understanding: "It is the understanding of the Senate, which understanding inheres in its advice and consent to the ratification of the agreement, that nothing in the agreement diminishes, abridges, or alters the right of the

United States of America to safeguard its own security by excluding or removing persons whose presence in the United States is deemed prejudicial to its safety or security and that no person whose presence in the United States is deemed prejudicial to its safety or security shall be permitted to enter or remain in the United States."

(2) Agreement on status of NATO, national representatives and international staff, signed at Ottawa on September 20, 1951, together with signed extract from summary record of meeting of NATO deputies (Exec. U, 82d Cong., 2d sess.); and

(3) Protocol on status of International Military Headquarters set up pursuant to NATO Treaty, signed at Paris, August 28, 1952 (Exec. B, 83d Cong., 1st sess.).

OVERSEAS INFORMATION PROGRAM

Committee on Foreign Relations: Continuing its hearings with regard to the overseas information program, subcommittee received testimony from William Grenoble, acting administrator, International Motion Picture Service, and Charles Miller, assistant administrator, International Press Service. Hearings continue tomorrow.

EXECUTIVE BRANCH ORGANIZATION

Committee on Government Operations: Committee, in executive session, ordered favorably reported (1) with an amendment S. 1514, to establish a Commission on Governmental Functions and Fiscal Resources—the amendment would broaden the Commission's duties; and (2) with amendments S. 106, to establish a Commission on Organization of the Executive Branch of the Government—the amendments would include bipartisan membership, extension of date for submission of its final report, exemption of members and employees from conflict-of-interests statute, and authorization of appointment of temporary consultants without regard to civil service and classification laws—committee also agreed to submit a new name for the commission, which name is, as yet, undetermined.

INTERNAL SECURITY—COMMUNIST

INFLUENCES IN EDUCATIONAL INSTITUTIONS

Committee on the Judiciary: Internal Security Subcommittee held hearings regarding Communist influences in educational institutions, with the following witnesses: Myron Hoch, professor at City College of New York and Rutgers University, and formerly an employee of several Government agencies, who was questioned with regard to Communist affiliations prior to 1942; and Alex Novikoff, professor at the University of Vermont, who stated that he had not been a Communist since being employed at this university, although he had been a Communist teacher prior thereto; but he refused to name or discuss any of his colleagues during the period of his Communist teaching. Hearings continue tomorrow.

DEPORTATION OF ALIENS

Committee on the Judiciary: Subcommittee on Immigration and Naturalization held executive hearings on the denaturalization of aliens. Subcommittee recessed subject to call.

DOCKET FEES

Committee on the Judiciary: Subcommittee held routine hearings on S. 251, to amend the U. S. Code relating to docket fees, received several favorable reports thereon, and recessed subject to call.

TAFT-HARTLEY ACT REVISIONS

Committee on Labor and Public Welfare: Committee continued its hearings on amendments and revisions to the Labor-Management Relations Act, with testimony, as indicated, from the following witnesses: Irving Leuchter, American Newspaper Guild, who testified on definition of supervisors, and the procedure followed

in representation cases; James B. Carey, International Union of Electrical, Radio, and Machine Workers, who discussed prehearing elections, voting rights of strikers, strike votes, free speech, Communists in unions, and the separation of functions within the NLRB; and Joseph Curran, National Maritime Union, whose testimony was on union hiring halls, and injunctions. Hearings continue tomorrow with John L. Lewis, president, UMW.

FLOOD CONTROL—CONNECTICUT RIVER

Committee on Public Works: Subcommittee on Flood Control-Rivers and Harbors ordered favorably reported with clarifying amendments S. 261, granting the consent and approval of Congress to the Connecticut River Flood Control Compact, prior to which favoring testimony was received from Senators Aiken and Kennedy, and Philip Shutler, Commissioner, State Water Conservation Board of Vermont.

House of Representatives

Chamber Action

Bills Introduced: 15 public bills, H. R. 4817-4831; 10 private bills, H. R. 4832-4841; and 3 resolutions, H. J. Res. 246, and H. Res. 217 and 218, were introduced.

Pages 3781, 3793-3794

Bills Reported: Reports were made as follows:

S. 1041, to abolish the U. S. Commission for the construction of the Washington-Lincoln Memorial Gettysburg Boulevard (H. Rept. 311);

H. R. 2761, authorizing the construction, maintenance, etc., of a bridge and approaches thereto across the Mississippi River at or near the cities of Clinton, Iowa, and Fulton, Ill. (H. Rept. 312);

H. R. 4779, to authorize the adoption of a report relating to seepage and drainage damages on the Illinois River, Ill. (H. Rept. 313);

H. R. 4828, the Department of Interior appropriation bill for fiscal year 1954 (H. Rept. 314); and

H. Res. 218, providing for the consideration of, and 2 hours of debate on, H. R. 1432, providing that the price support for the 1952 crop of Maryland tobacco shall be at 90 percent of parity (H. Rept. 315).

Page 3793

Executive Communication: Heard the reading of a letter from the President to the Speaker recommending the admission, within the framework of the immigration laws, of 120,000 central European refugees and escapees a year for 2 years. The communication was referred to the Committee on the Judiciary.

Page 2743

Military Academy: Representatives Cunningham and Coudert were today appointed by the Speaker to fill vacancies on the Board of Visitors to the U. S. Military Academy after receiving letters of resignation from

Representatives Gavin and Canfield from said Board.

Page 2743

Rules: The Committee on Rules was granted permission to file, by midnight Friday, reports on certain measures.

Page 3744

Rent Control: Passed, by a division vote of 187 yeas to 66 nays, H. R. 4507, to amend and extend the Housing and Rent Act of 1947, after adopting a committee substitute amendment that supplied new language. The committee amendment provides for extending general rent control for 90 days, to July 31, 1953, and in areas found by the President to be critical, rent control will be extended until April 30, 1954. A new criteria for determining critical areas is also set out in the bill. The Office of Rent Stabilization will be abolished after July 31, 1953.

Adopted an amendment designed to insure uniform treatment of housing at all atomic plant locations.

Rejected amendments that sought to—

Extend rent control for 1 year and give the President authority to control, decontrol, or recontrol as he deems necessary.

Extend rent control in noncritical areas for 5 months in lieu of the 90-day extension.

Substitute a less restrictive criteria for critical areas.

H. Res. 214, the rule for the consideration of H. R. 4507, was previously adopted.

Pages 3744-3776

Flood Control: Passed, by a voice vote, H. R. 4025, authorizing an appropriation of \$75 million to provide for the prosecution of projects in the Columbia River Basin for flood control. These funds are required for the completion of the Detroit, Lookout Point, and The

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued May 5, 1953
For actions of May 4, 1953
83rd-1st, No. 80

CONTENTS

Appropriations.....9	Foreign aid.....8	Marketing.....6
Budgeting.....17	Foreign policy.....8,20	Minerals.....1,13
Education.....10	Forestry.....4	Personnel.....3,25
Electrification.....23	Hawaii statehood.....11	Prices, support.....5,19
Expenditures.....3	Labor, farm.....18	Reorganization.....2,21
Farm income.....7	Lands, public.....1	Retirement.....15
Farm policy.....22	transfer.....14	School lunches.....25
Flood control.....24	Loans, farm.....12,16	Soil conservation.....24

HIGHLIGHTS: Both Houses received President's message recommending commission to study foreign economic policy. Senate committee reported bills to study organization and intergovernmental relations.

SENATE

1. SUBMERGED LANDS. Continued debate on S. J. Res. 13, to establish State title to submerged lands (pp. 4478-585). Sen. Malone urged revision of public-land laws and presented his amendment to cede to the States minerals in public lands (pp. 4488-510).
2. REORGANIZATION. The Government Operations Committee reported with amendments S. 106, to establish a Commission on Organization of the Executive Branch of the Government (S. Rept. 216), and S. 1514, to establish a Commission on Governmental Functions and Fiscal Resources (S. Rept. 215)(p. 4466).
3. EXPENDITURES, PERSONNEL. The Joint Committee on Reduction of Nonessential Federal Expenditures submitted tables showing Federal employment, etc. (pp. 4466-70).
4. FORESTRY. Sen. Watkins inserted an American Camping Association resolution favoring bills to earmark national forest receipts for recreational activities (p. 4465).
5. PRICE SUPPORTS. Sen. Young inserted a Farmers Union local resolution favoring price supports at 90% of parity (pp. 4465-6).
6. MARKETING. Sen. Humphrey inserted a Minnesota Food Retailers' Association resolution favoring the Robinson-Patman Act (p. 4466).
7. FARM INCOME. Sen. Langer inserted a Washington Star article showing decreases in farm income (pp. 4562-3).

HOUSE

8. FOREIGN POLICY. Both Houses received the President's message recommending that a commission be established to review our foreign economic policy. The President

said, "The commission should study all existing legislation and the regulations and administrative procedures stemming from it which bear directly on our foreign economic relations. The review should provide the basis for action during the next session of Congress. Through increasing two-way international trade...we can lessen and ultimately eliminate the heavy burden of foreign aid which we now bear." To H. Foreign Affairs and S. Finance Committees. (H.Doc.138)(pp. 4587-8, 4463.)

9. APPROPRIATIONS. The Rules Committee reported a resolution waiving points of order on H. R. 4974, the State, Justice, Commerce appropriation bill for 1954 (p. 4591).
10. EDUCATION. Received an Ill. Legislature memorial urging the U. S. to reimburse school districts for loss of taxes resulting from Federal ownership or use of land (p. 4591).
11. HAWAII STATEHOOD. Received a Hawaii United Veterans Legislative Committee petition for Hawaii statehood (p. 4592).

BILLS INTRODUCED

12. FARM LOANS. H. R. 4976, by Rep. Ayres, to extend to June 30, 1954, the direct home and farmhouse loan authority of VA under the Servicemen's Readjustment Act; to Veterans' Affairs Committee (p. 4591).
13. MINERALS. H. R. 4983, by Rep. D'Ewart, to define the surface rights vested in the locator of a mining claim hereafter made under the mining laws prior to issuance of patent therefor; to Interior and Insular Affairs Committee (p. 4591). Remarks of author (pp. A2475-6). Also S. 1830, by Sen. Dworshak (p. 4471).
by Rep. D'Ewart,
14. LAND TRANSFER. H. R. 4984, to remove certain limitations upon the purposes for which Miles City, Mont., may use certain land heretofore conveyed to it by the U. S.; to Interior and Insular Affairs Committee (p. 4591).
by Rep. Morrison,
15. PERSONNEL. H. R. 4986, to amend the Civil Service Retirement Act to authorize continued employment of persons who have reached retirement age; to Post Office and Civil Service Committee (p. 4591).
16. FARM LOANS. H. R. 4988, by Rep. Rains, to permit Federal land banks to make loans to corporations without limitation; to Agriculture Committee (p. 4591).
17. BUDGETING. H. R. 4990, by Rep. Weichel, "relating to the spending and quarterly payment of appropriations for the executive branch"; to Government Operations Committee (p. 4591).

COMMITTEE HEARINGS RELEASED BY G. P. O.

18. FARM LABOR. Extension of the Mexican farm labor program, H. R. 3480. H. Agriculture Committee.

ITEMS IN APPENDIX

19. PRICE SUPPORTS. Sen. Mansfield inserted Sen. Humphrey's addresses supporting mandatory price supports, suggesting alternative methods of supporting perishable commodities, and criticizing the Secretary, stating "nothing is being done" (pp. A2459-60).

ESTABLISHING A COMMISSION ON GOVERNMENTAL
FUNCTIONS AND FISCAL RESOURCES

MAY 4 (legislative day, APRIL 6), 1953.—Ordered to be printed

Mrs. SMITH of Maine, from the Committee on Government Operations,
submitted the following

REPORT

[To accompany S. 1514]

The Committee on Government Operations, to whom was referred the bill (S. 1514) to establish a Commission on Governmental Functions and Fiscal Resources, having considered the same, report favorably thereon, with amendments, and recommend that the bill do pass.

The amendments are as follows:

On page 3, between lines 18 and 19, insert the following new subsection:

SEC. 3. (a) The Commission shall carry out the purposes of section 1, hereof:

On page 3, line 19, strike out "SEC. 3. (a)" and insert in lieu thereof "(b)".

On page 3, line 21, after the word "governments", change the period to a comma and insert the following:

the interrelationships of the financing of this aid, the sources of financing of governmental programs, and problems in the field of intergovernmental tax immunities.

On page 4, line 7, strike out "(b)" and insert in lieu thereof "(c)".

The title of the bill is amended to read as follows:

A bill to establish a Commission on Intergovernmental Relations.

PURPOSE

S. 1514, as amended by the committee, would create a Commission on Intergovernmental Relations, authorized to make a broad and comprehensive study of all aspects of the proper role of the Federal Government in relation to the States and their political subdivisions, and to make findings and recommendations to the President and the Congress with respect thereto. Specific authority would be granted

to the Commission to make studies into the objectives of programs of the Federal Government shared in by States, and the extent to which Federal activities have advanced into fields which are the primary interest and obligation of the several States and political subdivisions thereof.

Under the amended bill, the proposed Commission on Intergovernmental Relations would be authorized to (1) make a broad study of the proper role of the Federal Government in relation to the States and their political subdivisions in the entire field of intergovernmental relations with a view to defining these relations, allocating functions to their proper jurisdiction, and adjusting intergovernmental fiscal relations so that each level of government discharges the functions which belong within its jurisdiction; (2) study and investigate all of the present activities in which Federal aid is extended to State and local governments, the interrelationships of the financing of this aid, the sources of financing of governmental programs, and problems in the field of intergovernmental tax immunities; and (3) determine and report whether there is justification for Federal aid in the various fields in which such aid is extended; whether there are other fields in which such aid should be extended; whether Federal control with respect to these activities should be limited, and, if so, to what extent; whether Federal aid should be limited to cases of need; and all other matters incident to such Federal aid, including the ability of the Federal Government and the States to finance activities of this nature.

The bill was introduced by Senator Robert A. Taft, in response to a request by the President of the United States for a review and assessment of the proper roles of the Federal, State, and local governments, referred to in his state of the Union message and in a special message laid before the Congress on March 30, 1953.

In its original form, S. 1514 provided for the establishment of a Commission on Governmental Functions and Fiscal Resources, limited in authority to a study of Federal relations with State and local governments only as they relate to grants-in-aid programs. Committee amendments to the bill provide for a broad study of all of the principal areas of intergovernmental relations. Accordingly, the committee was of the opinion that the name of the proposed commission should be changed to "Commission on Intergovernmental Relations" so as to reflect this broadened authority. Another factor in recommending the change in the name of the proposed commission was the likelihood that the name "Commission on Governmental Functions and Fiscal Resources" would create confusion in the public mind between this Commission and the broader Commission on Governmental Operations which is proposed to be established by S. 106, as reported by this committee, with authority to study all aspects of the operations of the Federal Government.

In this connection, it should be noted that in acting on these two bills, the committee paid careful attention to eliminating any possible duplication in the work of these commissions. Thus, when the committee broadened considerably the authority of the Commission on Intergovernmental Relations, it struck out a paragraph contained in section 1 of S. 106 which authorized the Commission on Governmental Operations to conduct studies with a view to eliminating

services, functions, and activities more properly within the jurisdiction of State and local governments.

ADDITIONAL PROVISIONS OF S. 1514

The Commission on Intergovernmental Relations would be required (sec. 3 (c)) to submit its final report, including recommendations for legislative action, to the President for transmission to the Congress, not later than March 1, 1954, but the Commission would be authorized to make such earlier reports to the President from time to time, as the President or the Commission deems appropriate. The Commission would cease to exist 6 months after the transmittal of its final report to the Congress (sec. 6).

The Commission would be composed of 25 members, 15 of whom would be appointed by the President of the United States, who would designate from among this group, the Chairman and the Vice Chairman; 5 to be appointed by the President of the Senate; and 5 by the Speaker of the House of Representatives. In each of the 2 latter groups, 3 members are to be from the majority party and 2 from the minority party (sec. 2 (b)).

Vacancies in the Commission would not affect its powers and would be filled in the same manner as the original appointment was made; 13 members would constitute a quorum, but hearings could be conducted by a lesser number; and service as a member of the Commission, or as an employee (attorney, expert in business or professional fields) on a part-time or full-time basis, with or without compensation, would not be considered as service or employment bringing such persons within the conflict-of-interest statutes (sec. 2 (c), (d), and (e)).

Members of the Commission would receive a per diem of \$50 when engaged in the performance of official duties, but those members who are receiving other compensation from the Federal Government or from any State or local government will serve without additional compensation. All members of the Commission are authorized reimbursement for travel, subsistence, and other necessary expenses incurred in the performance of official duties. The Commission would be authorized to appoint and fix the compensation of such employees as it deems advisable in accordance with the provisions of the civil-service and classification laws, and to procure without regard to such laws, temporary and intermittent services at rates not to exceed \$50 per day. The Commission would also be authorized to appoint and fix the compensation of a Director, who shall perform such duties as the Commission shall prescribe (sec. 5).

The Commission, or any subcommittee or member thereof, when authorized by the Commission, may hold such hearings and sit and act at such times and places and take such testimony for the purpose of carrying out the provisions of the act, as the Commission, subcommittee, or member may deem advisable. The Commission would also be authorized to secure from any department, agency, or independent instrumentality of the executive branch of the Government any information it deems necessary to carry out its functions and each such department, agency, or instrumentality is authorized and directed to furnish such information to the Commission, upon request of the Chairman or the Vice Chairman when acting as Chairman (sec. 4).

BACKGROUND

The establishment of a commission to study various aspects of Federal-State-local relations has received almost continuous consideration by this committee since the Hoover Commission submitted its report and recommendations on this subject in 1949. During the past 4 years, numerous bills have been filed in the House and the Senate, and this committee has drafted several committee bills, after conducting extensive hearings in the 81st Congress, in an effort to devise some means of initiating studies of the general problem of intergovernmental relations.

In its report on Federal-State relations, the Hoover Commission proposed that the Congress consider the following matters designed to assist it in solving numerous Federal-State-local relations problems: (a) An appraisal of the functions and activities of Federal, State, and local governments to determine which can be most advantageously operated by the various levels of government, and which require joint policymaking, financing and administration; (b) a general revision of national, State, and local tax systems, making every effort to leave to the localities and the States adequate resources from which to raise revenues to meet the duties and responsibilities of local and State governments; (c) direct budgeting and administration of all grants-in-aid which are given to State governments on the Federal and State levels as are other Federal and State funds; (d) clarification and systemization of grants-in-aid planning and programing; and (e) establishment of a continuing agency on Federal-State relations to make studies and recommendations which would be helpful in the accomplishment of these objectives.

During the 81st Congress, this committee reported favorably to the Senate, on June 13, 1949, a bill (S. 1946), drafted by attorneys for the Hoover Commission, after extensive joint hearings had been held on a number of bills then pending in the Congress. Due to objections on the part of individual Senators, relating primarily to the composition of the proposed Commission and the length of time provided for the study, the bill failed of approval when called on the calendar. In an effort to perfect the original bill and to expedite action, the committee reconsidered its action and reported a new committee bill (S. 3147), containing appropriate amendments designed to meet objections to the original proposal, but this bill also failed of approval in the Senate.

During the 82d Congress, a new committee bill (S. 1146) was introduced under the cosponsorship of 35 Senators, including all members of this committee. It provided for the creation of a temporary, bipartisan National Commission on Intergovernmental Relations, authorized to make studies similar to those provided for in S. 3147, and to report within a period of 2 years. This bill, which would have required the Congress to make a further determination as to whether or not the Commission should be continued, was passed on a calendar call, but subsequently recalled and again placed on the calendar under motions for reconsideration. No further action was taken.

During the 83d Congress this committee had before it two other bills, in addition to the subject bill (S. 1514), both of which would have established a temporary National Commission on Intergovernmental Relations, charged with the duty of studying various aspects of Federal-State-local relations. Although the objectives of these

proposed measures were similar to those of S. 1514, there were differences in the approach, composition, and method of appointment of members of the Commission, reporting and expiration dates, and the form and expression of the purposes of the legislation and the duties of the proposed Commission.

S. 526, introduced by Senator Robert C. Hendrickson, on January 16, 1953, for himself and 11 other Senators, would have established a bipartisan National Commission on Intergovernmental Relations to study the entire problem of Federal-State-local relationships and make recommendations to the President and the Congress in an effort to bring about a more orderly and less competitive fiscal relationship between the several levels of government, and to eliminate duplication, allocate governmental functions, reduce total Government expenditures, and develop cooperative policies and procedures.

S. 1328, introduced by Senator Hubert H. Humphrey on March 16, 1953, provided for the establishment of a bipartisan Temporary National Commission on Intergovernmental Relations authorized to make a comprehensive study and survey of National-State-local relationships, allocation of governmental functions and powers among the 3 governmental levels, the distribution of governmental functions and powers exercised by 2 or more governmental authorities and, with the defense mobilization program in mind, to determine what legislation should be proposed to best resolve these relationships on an emergency basis and on a permanent basis. This bill was in close accord with action by this committee in the 82d Congress, in reporting a committee bill, S. 1146 (S. Rept. No. 544, 82d Cong.), sponsored by 35 Senators, including all of the members of this committee.

In his state of the Union message, on February 2, 1953, the President of the United States stated:

* * * I anticipate a thorough study of the proper relationship among Federal, State, and local programs. I shall shortly send you specific recommendations for establishing an appropriate commission; * * *.

On March 30, 1953, the President laid before the Congress a special message (H. Doc. No. 114, 83d Cong.) recommending the creation of a commission to study intergovernmental relations, in which he stated:

In the state of the Union message I expressed my deep concern for the well-being of all of our citizens and the attainment of equality of opportunity for all. I further stated that our social rights are a most important part of our heritage and must be guarded and defended with all of our strength. I firmly believe that the primary way of accomplishing this is to recommend the creation of a commission to study the means of achieving a sounder relationship between Federal, State, and local governments. * * *

The present division of activities between Federal and State governments, including their local subdivisions, is the product of more than a century and a half of piecemeal and often haphazard growth. This growth in recent decades has proceeded at a speed defying order and efficiency. * * *

Now there is need to review and assess, with prudence and foresight, the proper roles of the Federal, State, and local governments. In many cases, especially within the past 20 years, the Federal Government has entered fields which, under our Constitution, are the primary responsibilities of State and local governments. This has tended to blur the responsibilities of local government. It has led to duplication and waste. It is time to relieve the people of the need to pay taxes on taxes.

In concluding his message, the President specifically urged prompt action on the matter "in order that the commission may complete its report in time for consideration by the next session of the Congress * * *."

HEARINGS

Hearings on S. 1514 and the two related bills, S. 526 and S. 1328, were held on April 14, 1953. Senators Robert A. Taft, of Ohio, and Homer Ferguson, of Michigan; Representative Clarence J. Brown, of Ohio, former Representative O. K. Armstrong, of Missouri; and Lambert H. Miller, general counsel to the National Association of Manufacturers, testified in support of S. 1514, and the Honorable Herbert Hoover submitted a telegram urging its approval. Senator Robert C. Hendrickson, of New Jersey, testified in support of S. 526, which he sponsored, but advised the committee that he would have no objection to the approval of S. 1514 if the scope of the inquiry to be made by the proposed Commission were broadened to include certain additional areas. Although he testified that he preferred the panel system of appointing Commission members, provided for in S. 526, he indicated that the appointment provisions of S. 1514 were acceptable. Senator Hubert H. Humphrey submitted a statement in support of S. 1328, which he sponsored, but stated subsequently that S. 1514, as amended by the committee, was acceptable to him. In addition, the committee received letters and statements from various interested persons and groups, all of whom were in agreement as to the need for the establishment of a commission to study intergovernmental relations. Of this group, the United States Chamber of Commerce, the American Medical Association, and the National Council of State Taxpayer Executives all supported S. 1514, as originally introduced; and the American Municipal Association supported the bill, as amended by the committee.

COMMITTEE ACTION

The committee considered S. 1514, and related bills, in executive session on April 23, 1953, at which time Mr. Joseph M. Dodge, Director of the Bureau of the Budget, presented the views of the administration. The committee approved S. 1514, with amendments designed to broaden the scope of the Commission's authority to include all aspects of the proper role of the Federal Government in relation to the States and their political subdivisions.

Section 1 of S. 1514 declares it to be the purpose of the Congress to make a broad overall study of the proper role of the Federal Government in relation to the States and their political subdivisions with respect to the objectives of programs of the Federal Government shared in by the States and their subdivisions, and with respect to fields which, under our constitutional system are the primary interest and obligation of the States and their political subdivisions. It is further declared that such a study is necessary in order that Federal-State-local relations may be clearly defined, the functions concerned allocated to their proper jurisdiction, and intergovernmental fiscal relations be so adjusted that each level of Government discharges the functions which belong within its jurisdiction in a sound and effective manner. However, section 3 of S. 1514, as originally introduced, provided only for a study of various aspects of all of the present activities in which Federal aid is extended to State and local governments.

In view of the variance between the declaration of purpose, set forth in section 1, and the duties of the Commission, set forth in section 3, the committee concluded that the authority of the Commission

was not commensurate with the purposes for which it was proposed to be created, since it was limited in its scope to a study of only one phase of Federal-State-local relations.

In order to meet this problem, and, with the concurrence of the Director of the Bureau of the Budget, the committee adopted a new section 3 (a) as an amendment to section 3 which provides that "The Commission shall carry out the purposes of section 1 hereof", and the original sections 3 (a) and (b) became (b) and (c) respectively.

The need for this amendment was emphasized during the course of the committee's consideration of the bill by Senator Everett M. Dirksen, who made the following observation:

Now I call your attention to the fact that section 3 (a) deals with Federal aid and it deals with fiscal relations * * *. I must point out to you that section 1 goes infinitely further than that, because it brings into purview a study of the whole relationship between the Federal and State governments and their political subdivisions * * *.

Referring to the importance of including the new subsection (a), Senator Dirksen continued:

My own notion is that it ought to be included in this bill. I believe that these things ought to be studied now, because if we do not get around to them now we never will get around to them. And while it may be a little cumbrous, or go further than the President or Mr. Dodge had in mind, yet it seems to me that for a long time there has been developing a body of literature to the effect that these functions and their dependence and interdependence have to be studied. And section 1 recites all that and says it is necessary to study the proper role of the Federal Government in relation to the States and their political subdivisions, which is infinitely broader than 3 (a). For my part, I should like to see it included in the bill.

Although the amended subsection (a) of section 3 broadened the scope of the Commission's duties so as to make it coterminous with the purposes set forth in section 1, the committee and the Director of the Bureau of the Budget deemed it wise to spell out in greater detail the authority of the proposed commission to study intergovernmental tax problems. Accordingly, at the suggestion of the Director of the Bureau of the Budget, subsection (b) was amended to authorize the Commission to study and report with respect to (1) the interrelationships of the financing of Federal aid to State and local governments; (2) the sources of the financing of governmental programs; and (3) problems in the field of intergovernmental tax immunities.

In connection with the study of problems in the field of intergovernmental tax immunities, it should be noted that this committee had under consideration proposed legislation (S. 788), dealing with the establishment of a general policy in relation to Federal payments to State and local governments in lieu of taxes on real and personal property owned by the Federal Government which has been taken out of taxation. This problem is so extensive in its coverage and raises so many technical problems that the committee has not had an opportunity to perfect a bill for final action. Since it is an integral part of the overall intergovernmental relations problem, and the Commission proposed to be created by the pending bill will have available a technical staff of experts, trained in this field, the committee was of the opinion that authority to study and report with respect to this matter should be specifically vested in the Commission. Thus the Commission will be required to make specific recommendations for legislative action designed to correct existing difficulties and hardships resulting from the removal of property from local taxation,

as a result of extended Federal activities under the national defense program.

Mr. Joseph M. Dodge, Director of the Bureau of the Budget, in commenting on the inclusion of this provision, stated:

The intent of that phraseology is to include the issue represented by S. 788, the bill on payment in lieu of taxes, which has also been considered, and throw that into the consideration of this Commission, as a special body to study that subject.

The committee considered two additional amendments, one of which would have required the President to appoint on a bipartisan basis the 15 members of the Commission which he is authorized to designate; the other would have extended the life of the Commission to a minimum period of 2 years.

After full discussion, it was determined that any numerical requirement based upon political considerations, with respect to the Presidential appointees, would constitute an undue restriction on the President's freedom of choice, and might well defeat the objective of complete nonpartisanship in these appointments, which the committee believes is desirable. The committee concluded that it would be preferable to rely upon the President to appoint these 15 members solely on the basis of qualifications and experience and without reference to political affiliation or activity. This will enable the President to appoint persons who are properly representative of various interested groups, including governors of States, members of State legislatures and representatives of State, county, and municipal associations as well as local governments. It would also leave him free to include representatives of labor, industry, commerce, agriculture, taxpayers' associations, and others with specific qualifications in the fields of health, education, and social security.

With respect to the extension of the life of the Commission, the committee agreed with the position of the Director of the Bureau of the Budget, that the present expiration date of March 1, 1954, should be retained, in view of the President's desire that the Commission complete its study and recommend appropriate legislation at the earliest possible time.

CONCLUSIONS

The bill, S. 1514, as amended, will provide the Commission on Intergovernmental Relations with adequate authority to carry out the intent of the Congress to provide for a complete study of all phases of intergovernmental relations, as recommended by the Hoover Commission and the President. The Commission's report and recommendations should supply a much-needed blueprint which will enable the Congress to take appropriate legislative action to simplify and readjust Federal-State-local relations in the various areas in which confusion, duplication, and overlapping now exist.

In broadening the Commission's authority, the committee desires to emphasize that the bill would not in any way authorize the Commission to make studies or recommendations with respect to relationships between the States and their political subdivisions. This authority is intended to extend only to a study of the relationships between the Federal Government and State and local governments, and the Commission should not involve itself in any conflicts between the States and their political subdivisions, which, constitutionally, are no concern of the Federal Government.

Calendar No. 216

83^d CONGRESS
1ST SESSION

S. 1514

[Report No. 215]

IN THE SENATE OF THE UNITED STATES

APRIL 1, 1953

Mr. TAFT (for himself, Mr. HENDRICKSON, and Mr. FERGUSON) introduced the following bill; which was read twice and referred to the Committee on Government Operations

MAY 4 (legislative day, APRIL 6), 1953

Reported by Mrs. SMITH of Maine, with amendments

[Omit the part struck through and insert the part printed in italic]

A BILL

To establish a Commission on Governmental Functions and
Fiscal Resources.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 DECLARATION OF PURPOSE

4 SECTION 1. Because existing confusion and wasteful
5 duplication of functions and administration pose a threat to
6 the objectives of programs of the Federal Government shared
7 in by the States including their political subdivisions, because
8 the activity of the Federal Government has been extended
9 into many fields which, under our constitutional system, are
10 the primary interest and obligation of the several States and

1 the subdivisions thereof, and because of the resulting com-
 2 plexity of intergovernmental relations, it is necessary to
 3 study the proper role of the Federal Government in relation
 4 to the States and their political subdivisions, with respect to
 5 such fields, to the end that these relations may be clearly
 6 defined and the functions concerned may be allocated to their
 7 proper jurisdiction. It is further necessary that intergovern-
 8 mental fiscal relations be so adjusted that each level of gov-
 9 ernment discharges the functions which belong within its
 10 jurisdiction in a sound and effective manner.

11 COMMISSION ON ~~GOVERNMENTAL FUNCTIONS AND FISCAL~~
 12 ~~RESOURCES~~ *INTERGOVERNMENTAL RELATIONS*

13 . SEC. 2. (a) For the purpose of carrying out this Act
 14 there is hereby established a Commission to be known as
 15 the Commission on ~~Governmental Functions and Fiscal~~
 16 ~~Resources~~ *Intergovernmental Relations*, hereinafter referred
 17 to as the "Commission".

18 (b) The Commission shall be composed of twenty-five
 19 members, as follows:

20 (1) Fifteen members appointed by the President of
 21 the United States, from among whom the President shall
 22 designate the Chairman and the Vice Chairman of the
 23 Commission;

24 (2) Five members appointed by the President of the

1 Senate, three from the majority party, and two from the
2 minority party; and

3 (3) Five members appointed by the Speaker of the
4 House of Representatives, three from the majority party,
5 and two from the minority party.

6 (c) Any vacancy in the Commission shall not affect its
7 powers, but shall be filled in the same manner in which the
8 original appointment was made.

9 (d) Thirteen members of the Commission shall con-
10 stitute a quorum, but a lesser number may conduct hearings.

11 (e) Service of an individual as a member of the Com-
12 mission or employment of an individual by the Commission
13 as an attorney or expert in any business or professional
14 field, on a part-time or full-time basis, with or without com-
15 pensation, shall not be considered as service or employ-
16 ment bringing such individual within the provisions of sec-
17 tion 281, 283, 284, 434, or 1914 of title 18 of the United
18 States Code, or section 190 of the Revised Statutes (5
19 U. S. C. 99).

20 DUTIES OF THE COMMISSION

21 *SEC. 3. (a) The Commission shall carry out the pur-*
22 *poses of section 1 hereof.*

23 ~~SEC. 3. (a)~~ (b) The Commission shall study and in-
24 vestigate all of the present activities in which Federal aid is

1 extended to State and local governments, *the interrelation-*
2 *ships of the financing of this aid, the sources of the financing*
3 *of governmental programs, and problems in the field of inter-*
4 *governmental tax immunities.* The Commission shall deter-
5 mine and report whether there is justification for Federal aid
6 in the various fields in which Federal aid is extended;
7 whether there are other fields in which Federal aid should be
8 extended; whether Federal control with respect to these ac-
9 tivities should be limited, and, if so, to what extent; whether
10 Federal aid should be limited to cases of need; and all
11 other matters incident to such Federal aid, including the
12 ability of the Federal Government and the States to finance
13 activities of this nature.

14 ~~(b)~~ (c) The Commission, not later than March 1, 1954,
15 shall submit to the President for transmittal to the Congress
16 its final report, including recommendations for legislative
17 action; and the Commission may also from time to time
18 make to the President such earlier reports as the President
19 may request or as the Commission deems appropriate.

20 HEARINGS; OBTAINING INFORMATION

21 SEC. 4. (a) The Commission or, on the authorization of
22 the Commission, any subcommittee or member thereof, may,
23 for the purpose of carrying out the provisions of this Act,

1 hold such hearings and sit and act at such times and places,
2 and take such testimony, as the Commission or such subcom-
3 mittee or member may deem advisable.

4 (b) The Commission is authorized to secure from any
5 department, agency, or independent instrumentality of the
6 executive branch of the Government any information it deems
7 necessary to carry out its functions under this Act; and each
8 such department, agency, and instrumentality is authorized
9 and directed to furnish such information to the Commission,
10 upon request made by the Chairman or by the Vice Chair-
11 man when acting as Chairman.

12 APPROPRIATIONS, EXPENSES, AND PERSONNEL

13 SEC. 5. (a) There are hereby authorized to be appro-
14 priated such amounts as may be necessary to carry out the
15 provisions of this Act.

16 (b) Each member of the Commission shall receive \$50
17 per diem when engaged in the performance of duties vested
18 in the Commission, except that no compensation shall be
19 paid by the United States, by reason of service as a member,
20 to any member who is receiving other compensation from
21 the Federal Government, or to any member who is receiving
22 compensation from any State or local government.

23 (c) Each member of the Commission shall be reim-

1 bursed for travel, subsistence, and other necessary expenses
2 incurred by him in the performance of duties vested in the
3 Commission.

4 (d) The Commission may appoint and fix the compen-
5 sation of such employees as it deems advisable in accordance
6 with the provisions of the civil-service laws and the classifi-
7 cation laws.

8 (e) The Commission may procure, without regard to
9 the civil-service laws and the classification laws, temporary
10 and intermittent services to the same extent as is authorized
11 for the departments by section 15 of the Act of August 2,
12 1946 (60 Stat. 810), but at rates not to exceed \$50 per
13 diem for individuals.

14 (f) Without regard to the civil-service and classifica-
15 tion laws, the Commission may appoint and fix the compen-
16 sation of a Director who shall perform such duties as the
17 Commission shall prescribe.

18 TERMINATION OF THE COMMISSION

19 SEC. 6. Six months after the transmittal to the Congress
20 of the final report provided for in section 3 of this Act, the
21 Commission shall cease to exist.

Amend the title so as to read: "A bill to establish a Com-
mission on Intergovernmental Relations."

83d CONGRESS
1st Session

S. 1514

[Report No. 215]

A BILL

To establish a Commission on Governmental
Functions and Fiscal Resources.

By Mr. TAFT, Mr. HENDRICKSON, and Mr.
FERGUSON

APRIL 1, 1953
Read twice and referred to the Committee on
Government Operations

MAY 4 (legislative day, APRIL 6), 1953
Reported with amendments

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

Issued May 7, 1953

For actions of May 6, 1953

83rd-1st, No. 82

OFFICE OF BUDGET AND FINANCE

(For Department Staff Only)

CONTENTS

Administrative procedure.....5	Export control.....4	Loans, rural telephone.....1
Appropriations.....1	Flood control.....6	Personnel.....1,11,18
Budgeting.....15	Interest rates.....17	Property acquisition.....8
Contracts.....9	Intergovernmental rela- tions.....2	Reorganization.....3
Cotton exports.....10	Lands, farm.....13	Research.....12
County committees.....16	Leave.....1	Trade, foreign.....4,10
Disbursements.....7		Treaties.....14

HIGHLIGHTS: Senate passed: 3rd supplemental appropriation bill, adding item for rural-telephone loans; Commission to study intergovernmental relations; Commission to study reorganization; Export-control continuation. Sen. Taft agreed to bring up cotton-exports insurance bill today but criticized it. Sen. Humphrey introduced and discussed bill to require use of county committees in USDA.

SENATE

1. APPROPRIATIONS. Passed with amendments H. R. 4664, the third supplemental appropriation bill for 1953 (pp. 4761-78). Sens. Bridges, Ferguson, Cordon, Hayden, and Russell were appointed conferees (p. 4778). Agreed to the committee amendment adding \$15,000,000 for rural-telephone loans (pp. 4762-3). There was discussion of Federal-employee leave policy in connection with a Williams amendment regarding CRS (pp. 4763-78).
2. INTERGOVERNMENTAL RELATIONS. Passed with amendments S. 1514, to establish a Commission on Intergovernmental Relations to study and make recommendations on Federal-State-local relations, functions, resources, etc. (pp. 4750-3).
3. REORGANIZATION. Passed as reported S. 106, to establish a Commission on Organization of the Executive Branch (pp. 4753-4).
4. EXPORT CONTROL. Passed S. 1739, to continue export-control authority, with a Taft amendment to extend the law for 1 year instead of 3 (pp. 4747-8).
5. ADMINISTRATIVE PROCEDURE. Passed without amendment S. 18, to eliminate certain exemptions from the Administrative Procedure Act, including the International Wheat Agreement Act, Export Control Act, Sugar Control Extension Act, part of the Defense Production Act, etc. (p. 4731).
6. FLOOD CONTROL. Passed as reported S. 117, to amend Sec. 7 of the Flood Control Act of 1941 relating to apportionment of moneys received on account of the leasing of lands acquired by the U. S. for flood-control purposes (pp. 4748-9).
7. DISBURSEMENTS. Passed as reported S. 1307, to continue and amend authority of disbursing officers to cash checks and perform other services for U. S. employees abroad (p. 4749).

8. PROPERTY ACQUISITION. Passed with amendment S. 30, to provide for jury trials in condemnation proceedings (pp. 4757-8).
9. CONTRACTS. Debated but passed over S. 24, to permit judicial review of decisions of Government contracting officers involving questions of fact arising under Government contracts in cases other than those in which fraud is alleged (pp. 4729-30, 4756-7).
10. COTTON EXPORTS. Sen. Maybank attempted to bring up S. 1413, to provide war-risk insurance on exported cotton, etc. Sen. Taft criticized the bill but agreed to have it brought up today. (pp. 4747-8.)
11. PERSONNEL. Sen. Johnston, S. C., criticized the new security order relating to Federal employment, and said there is currently "a strong tendency to completely destroy the civil-service-merit system" (pp. 4778-80).

HOUSE

12. RESEARCH. The Interstate and Foreign Commerce Committee ordered reported (but did not actually report) with amendments H. R. 4689, amending the National Science Foundation Act regarding quorums of Board members and providing for an open-end authorization to carry out the Act (p. D377).
13. FARM LANDS. Received a Hawaii Legislature memorial urging appropriation of \$20,000,000 for land and water development in Hawaii (p. 4792).

14. ITEMS IN APPENDIX

14. TREATIES. Rep. Smith, Wis., inserted a letter from Paul Redmond favoring Sen. Bricker's proposal to limit treaty-making powers (pp. A2553-4).
15. BUDGETING. Extension of remarks of Rep. Keating favoring item-veto power on appropriation bills (p. A2555).

BILLS INTRODUCED

16. COUNTY COMMITTEES. S. 1847, by Sen. Humphrey, to require the Secretary of Agriculture to continue use of local and State committees in carrying out the Soil Conservation and Domestic Allotment Act, to require that such committees be used in carrying out farm price-support and crop-insurance programs, and to provide for election of such State committees by members of county committees; to Agriculture Committee (p. 4728). Remarks of author (p. 4780).
17. INTEREST RATES. S. 1848, by Sen. Sparkman, to prohibit certain increases in interest rates under the National Housing Act; to Banking and Currency Committee (p. 4728). Remarks of author, including charges that recent increases in interest rates are not in the interest of farmers (pp. 4780-7).
18. PERSONNEL. H. Res. 228, by Rep. Broyhill, directing the Post Office and Civil Service Committee to investigate personnel practices with particular reference to job security of career employees; to Rules Committee (pp. 4791-2).

COMMITTEE HEARING ANNOUNCEMENTS FOR MAY 7: Soil conservation in general, H. Agriculture (McArdle to testify). USDA appropriations; S. Appropriations. Joint Budget Committee, S. Government Operations (exec).

United States for flood-control purposes, which had been reported from the Committee on Public Works with amendments, in line 8, after the word "defraying", to insert "any of"; and in the same line, after the word "the", to strike out "general", so as to make the bill read:

Be it enacted, etc., That section 7 of the act entitled "An act authorizing the construction of certain public works on rivers and harbors for flood control, and for other purposes," approved August 18, 1941, as amended (33 U. S. C. 701c-3), is amended by striking out "situated;" and inserting in lieu thereof "situated, or for defraying any of the expenses of county government in such county or counties."

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

ELIMINATION OF REQUIREMENT THAT NATIONAL BANKS FURNISH LISTS OF SHAREHOLDERS

The bill (S. 1375) to amend section 5210 of the Revised Statutes, was announced as next in order.

Mr. GOLDWATER. Mr. President, the House has passed H. R. 4004, a bill identical to S. 1375. The House bill is now before the Senate Committee on Banking and Currency. I ask unanimous consent that the committee be discharged from further consideration of H. R. 4004 and that the House bill be substituted for the Senate bill, and be considered at this time.

The PRESIDING OFFICER. Without objection, the Committee on Banking and Currency is discharged from the further consideration of House bill 4004. Is there objection to the present consideration of the bill?

There being no objection, the bill H. R. 4004, to amend section 5210 of the Revised Statutes, was considered, ordered to a third reading, read the third time, and passed.

The PRESIDING OFFICER. Without objection, Senate bill 1375 is indefinitely postponed.

PROMOTION OF CERTAIN NAVAL OFFICERS—BILL

The bill (S. 1063) to authorize and request the President to promote certain naval officers, and for other purposes, was announced as next in order.

Mr. GORE. Over, by request.

Mr. SALTONSTALL. Do I understand correctly that S. 1063 is objected to?

The PRESIDING OFFICER. Objection has been made.

Mr. SALTONSTALL. Would the Senator from Tennessee reserve his objection, in order to permit a brief statement, or does the Senator believe he will object anyway?

Mr. GORE. I objected by request of a Senator who is not now in the Chamber. I should be glad to reserve my objection in order to permit the Senator from Massachusetts to make a statement, but it would not affect my obligation.

Mr. SALTONSTALL. Then I think it would be a waste of time for me to make my statement.

The PRESIDING OFFICER. The bill will go over, by request.

CONSTRUCTION OF AERONAUTICAL RESEARCH FACILITIES

The bill (S. 1805) to promote the national defense by authorizing the construction of aeronautical research facilities and the acquisition of land by the National Advisory Committee for Aeronautics necessary to the effective prosecution of aeronautical research, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That pursuant to subsection (b) of section 1 of Public Law 672, approved August 8, 1950, the National Advisory Committee for Aeronautics is authorized to acquire land, undertake additional construction, and to purchase and install additional equipment at the following locations:

Langley Aeronautical Laboratory, Hampton, Va.: Transonic tunnel boundary-layer system, variable Mach number facility, and substation expansion, \$3,235,290.

Pilotless aircraft station, Wallops Island, Va.: Preflight jet heat accumulator, \$310,000.

Ames Aeronautical Laboratory, Moffett Field, Calif.: Modernization of supersonic tunnel, \$990,700.

Lewis Flight Propulsion Laboratory, Cleveland, Ohio: Acquisition of not to exceed 10 acres of land, \$10.

Sec. 2. Any of the approximate costs enumerated in section 1 of this act may, in the discretion of the Director of the National Advisory Committee for Aeronautics, be varied upward 10 percent and, with the concurrence of the Director of the Bureau of the Budget, by such further amounts as may be necessary to meet unusual cost variations, but the total cost of all work so enumerated shall not exceed \$4,536,000.

Sec. 3. There are hereby authorized to be appropriated not to exceed \$4,536,000 to accomplish the purposes of this act.

AUTHORIZING CERTAIN TRANSACTIONS BY DISBURSING OFFICERS OF THE UNITED STATES

The Senate proceeded to consider the bill (S. 1307) to amend the act of December 23, 1944, authorizing certain transactions by disbursing officers of the United States, and for other purposes, which had been reported from the Committee on Banking and Currency with an amendment on page 4, line 3, after the word "the", to strike out "Treasury." and insert "Treasury."

"SEC. 4. The provisions of this act shall terminate on June 30, 1954." so as to make the bill read:

Be it enacted, etc., That the act entitled "An act to authorize certain transactions by disbursing officers of the United States, and for other purposes," approved December 23, 1944 (ch. 716, 58 Stat. 921; U. S. C., 1946 ed., title 50 App., secs. 1705-1707), is hereby amended to read as follows:

"SECTION 1. Subject to regulations promulgated pursuant to this act, disbursing officers of the United States are authorized, for official purposes, or for the accommodation of members of the Armed Forces and civilian personnel of the United States Gov-

ernment, veterans of the Armed Forces of the United States hospitalized or domiciled in institutions operated by the Veterans' Administration and other institutions operated by agencies of the United States Government, contractors engaged in United States Government projects and the personnel of such contractors, and personnel of authorized nongovernmental agencies operating with agencies of the United States, to cash and negotiate checks, drafts, bills of exchange, and other instruments payable in the United States and foreign currencies, and to conduct exchange transactions involving United States and foreign currency and coin, checks, drafts, bills of exchange, and other instruments; and when satisfactory banking facilities are not available, disbursing officers of the United States in foreign countries are also authorized, for the accommodation of any person who is a United States citizen, to cash checks drawn on the Treasurer of the United States: *Provided*, That such checks are presented by the person to whose order they are drawn. Any official funds which are held by disbursing officers of the United States and which are available for expenditure may, with the approval of the head of the agency having jurisdiction over such funds, be utilized for these purposes.

"SEC. 2. Any gains in the accounts of disbursing officers of the United States resulting from operations permitted by this act shall be paid into the Treasury as miscellaneous receipts. There are hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, such amounts as may be necessary to adjust any deficiencies in the accounts of disbursing officers of the United States which may result from such operations. For the purposes of this section, the heads of agencies having jurisdiction over disbursing officers of the United States are authorized, on a fiscal year basis, to apply gains to offset deficiencies in the accounts of such disbursing officers.

"SEC. 3. The Secretary of the Treasury and, with the concurrence of the Secretary of the Treasury, the heads of other agencies having jurisdiction over disbursing officers of the United States are hereby authorized respectively to issue such rules and regulations, governing the disbursing officers under their respective jurisdictions, as may be deemed necessary or proper to carry out the purposes of this act: *Provided*, That the Secretary of the Treasury may delegate to the head of any agency, subject to such terms and conditions as he may prescribe, authority to issue such rules and regulations governing disbursing officers who are officers or employees of such agency and exercise the function of disbursement pursuant to a delegation by the Secretary of the Treasury.

"SEC. 4. The provisions of this act shall terminate on June 30, 1954."

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

FIFTIETH ANNIVERSARY OF FIRST AIRPLANE FLIGHT

The joint resolution (H. J. Res. 241) to appoint a committee to attend the celebration of the 50th anniversary of the first airplane flight at Kill Devil Hills, Kitty Hawk, N. C., was announced as next in order.

Mr. McCARRAN. I ask unanimous consent that Calendar No. 213, House Joint Resolution 241, be referred to the Committee on the Judiciary.

The PRESIDING OFFICER. Without objection, it is so ordered.

THIRD SUPPLEMENTAL APPROPRIATIONS, 1953

The bill (H. R. 4664) making supplemental appropriations for the fiscal year ending June 30, 1953, and for other purposes, was announced as next in order.

Mr. HENDRICKSON. This is a bill which should go over. It should not go to the foot of the calendar.

The PRESIDING OFFICER. The bill will go over.

HOUSING IN CONNECTION WITH NATIONAL DEFENSE

The bill (S. 1376) to amend section 503 of the act entitled "An act to expedite the provision of housing in connection with national defense and for other purposes" approved October 14, 1940, as amended, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That section 503 of the act entitled "An act to expedite the provision of housing in connection with national defense, and for other purposes," approved October 14, 1940, as amended, is further amended by inserting after the words "during the present war" the following: "and prior to such date thereafter as shall be determined by the President."

Mr. GOLDWATER. Mr. President, in relation to the Senate bill 1376, which has just been passed, the report of the committee as now printed contains the name "Latham" in the heading. I ask unanimous consent that the name be changed to "Lanham," and that in the last sentence in the second paragraph the words, "Public Law 45," be changed to "Public Law 450."

The PRESIDING OFFICER. Without objection, the corrections will be made.

Mr. GOLDWATER. I now ask unanimous consent that the report on this bill be printed in the Record at this point.

There being no objection, the report (No. 213) was ordered to be printed in the Record, as follows:

The Committee on Banking and Currency, to whom was referred the bill (S. 1376) to amend section 403 of the act entitled "An act to expedite the provision of housing in connection with national defense, and for other purposes," approved October 14, 1940, as amended, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

This bill would enact a technical amendment to the Lanham Act (42 U. S. C. 1521 et seq.) which would clarify the authority of the Housing and Home Finance Agency to give, after July 1, 1953, to any Korean war veteran whose service commences after that time the same preference for admission to housing provided under title V of that act as is given to veterans of World War II and to Korean war veterans whose services commenced before that time. The necessity for this clarifying legislation arises from the fact that certain powers will expire on July 1 of this year under the Emergency Powers Continuation Act (Public Law 450, 82d Cong.), as amended by Public Law 12, 83d Congress.

The bill would not involve any expenditures, administrative or otherwise, and would

prevent discrimination against some Korean veterans which might otherwise result from a legal technicality.

The Lanham Act governs the administration and disposition of World War II war and veterans' housing. Title V is the veterans' housing title of that act. Section 503 defines veterans and servicemen as those serving "during the present war," which has been construed to mean those who have served on or after September 16, 1940, and prior to the Japanese Peace Treaty. Subsection 1 (a) (21) of the Emergency Powers Continuation Act, as amended by Public Law 12, 83d Congress, made it clear that, notwithstanding the Japanese Peace Treaty, the preference in admission to housing which was made available to veterans by title V of the Lanham Act could be extended to persons who served in the Armed Forces after the Japanese Peace Treaty and before July 1, 1953. Thus the Congress has assured veterans' preference under title V of the Lanham Act for persons serving in the Armed Forces during the Korean conflict and before July 1, 1953.

The approaching July 1 time limitation is inconsistent, however, with the laws governing other housing preferences which make adequate provision for all Korean veterans. Public Law 214, 82d Congress, approved October 26, 1951, amended all other housing preferences administered by the Housing and Home Finance Agency so as to make provision for all Korean veterans. The only reason why a consistent amendment to section 503 was not then enacted is that the Japanese Peace Treaty had not yet been made effective, thereby making such amendment unnecessary at that time.

About 250,000 family dwelling units in war and veterans' housing are now under active management of the Housing Agency, pending their disposal. The bill would affect the eligibility of future Korean veterans to be admitted to these units as vacancies occur, provided, of course, that the particular project remains in active management.

This bill authorizes the President to determine a future cutoff date for Korean war service. This is consistent with veterans' preference provisions which the act of October 26, 1951, provided for other titles of the Lanham Act and for the several acts administered by the Housing Agency which contain veterans' preference provisions.

CHANGES IN EXISTING LAW

In compliance with subsection (4) of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

"AN ACT TO EXPEDITE THE PROVISIONS OF HOUSING IN CONNECTION WITH NATIONAL DEFENSE, AND FOR OTHER PURPOSES, APPROVED OCTOBER 14, 1940, AS AMENDED

* * * * *

"SEC. 503. As used in this title V the term 'families of servicemen' shall include the family of any person who is serving in the military or naval forces of the United States, and the term 'veterans' shall include any person who has served in the military or naval forces of the United States during the present war and prior to such date thereafter as shall be determined by the President, and who have been discharged or released therefrom under conditions other than dishonorable."

COMMISSION ON GOVERNMENTAL FUNCTIONS AND FISCAL RESOURCES

The Senate proceeded to consider the bill (S. 1514) to establish a Commission

on Governmental Functions and Fiscal Resources, which had been reported from the Committee on Government Operations with amendments.

Mr. TAFT. Mr. President, this is a bill which was requested by President Eisenhower. It proposes to create a joint legislative and public commission, to be comprised of 5 Members of the House, 5 Members of the Senate, and 15 members appointed by the President, to study the whole problem of Federal aid to States, and to determine the correct basis of such Federal aid, whether it has gone too far, or has not gone far enough, and what fields should be covered, if aid is approved. That is one purpose.

The second purpose is to study the sources of revenues for each division of the Federal Government and of State and local governments, in order to ascertain whether they have adequate funds to cover the particular fields within the general scope covered by the Commission, and, if not, to endeavor to suggest means whereby sufficient money may be provided for that purpose.

Roughly speaking, the Commission proposes to deal with matters of housing, health, welfare, education, highways, and other matters which have been the subjects of State aid, or which may have been the proposed subjects of State aid.

There is one committee amendment to which I shall offer an amendment. I think the bill was reported unanimously by the committee. I see no particular reason why it should not be passed on the call of the calendar.

Mr. HENDRICKSON. Mr. President, not very long ago—on the floor of the Senate April 1—to be exact, I paid what I believe to be a well-deserved tribute to President Eisenhower for his prompt fulfillment of a campaign pledge on taxation policy when he proposed that the Congress establish a Commission to Study Federal-State Relations.

Of course, Mr. President, Senate bill 1514, which I rise to support today, does more than merely propose a study of taxation policy.

It will establish a Commission to examine the entire field of overlapping functions, duplication, and waste, and all the knotted vines in a jungle of confusion which have grown up and entangled our fiscal relationships and our budgets at all levels of government in recent years.

Senate bill 1514 will provide the answers to these monumental problems.

I shall ever be proud of the fact that I have made some contribution to the formulation of this legislation through my years in the Senate, and that some of my views are incorporated in the final version of the legislation before us.

All of us here assembled owe a debt of thanks to our distinguished majority leader [Mr. TAFT] and to all those on both sides of the aisle and in both Houses of the Congress who have labored over a period of years in what appeared to be forgotten vineyards.

We surely owe our deepest appreciation for the dispatch and understanding with which the distinguished Committee on Government Operations and its able

subcommittee chairman on reorganization the distinguished senior Senator from Maine [Mrs. SMITH], handled and welded together the various proposals.

The work of such organizations as the American Municipal Association, the Council of State Governments, and the State chambers of commerce cannot go unrecognized.

Mr. President, it is reasonably estimated that the National Government may have to spend for many years to come upward of \$50 billion a year for four activities, namely, foreign policy and foreign aid, the Armed Forces, veterans' affairs, and interest on the national debt.

All of these obligations are clearly the responsibility of the National Government.

More and more of the best fiscal minds in our Nation believe that it is now time to reappraise in a comprehensive manner the duties and responsibilities of each area of government in our Federal system—this reappraisal to be conducted in the light of the relatively new situation in which our country finds itself, and which will probably be with us for many years.

It has been years since an official responsible group, with power to make recommendations, has considered this major question.

During these years profound changes have taken place in our social and economic system and as well in our international relations.

Present financial difficulties and fiscal problems will be an integral part of this constructive study—a study which must result in strengthening the foundations of an American system which resides in local responsibility, local control, and local self-government.

I am grateful, Mr. President, for the opportunity which I have had in the Senate of the United States to foster this Commission study and to speed it on its way to a culminating vote here today.

Mr. President, we have an opportunity, by our prompt and favorable action, to make up for all the lost time.

Mrs. SMITH of Maine. Mr. President, the distinguished majority leader and the able Senator from New Jersey have so well covered the objectives of the bill that I prefer not to take the time of the Senate to present the statement which I have prepared. I ask unanimous consent that it be printed in the RECORD at this point as a part of my remarks.

There being no objection, the statement was ordered to be printed in the RECORD, as follows.

STATEMENT BY SENATOR MARGARET CHASE SMITH, CHAIRMAN, SUBCOMMITTEE ON REORGANIZATION OF THE SENATE COMMITTEE ON GOVERNMENT OPERATIONS

S. 1514, TO CREATE A COMMISSION ON INTERGOVERNMENTAL RELATIONS

S. 1514, as amended by the committee, would create a Commission on Intergovernmental Relations, authorized to make a broad and comprehensive study of all aspects of the proper role of the Federal Government, in relation to the States and their political subdivisions. The Commission would be directed to define Federal-State relations, and submit recommendations for

the allocation of functions to their proper jurisdiction, and for readjustments in intergovernmental fiscal relations.

Specific authority would be granted to the Commission to make studies into the objectives of programs of the Federal Government shared in by the States, and the extent to which Federal activities have advanced into fields which are the primary interest and obligation of the States and their political subdivisions. It will also be directed to develop various aspects of Federal grants-in-aid, including the interrelationships of the financing of such aid, the sources of financing of governmental programs, and problems in the field of intergovernmental tax immunities.

S. 1514 was introduced by Senator TAFT, in response to a request by the President of the United States for a review and assessment of the proper roles of the Federal, State and local governments, referred to in his state of the Union message laid before the Congress in a special message on March 30, 1953.

The Commission would be composed of 25 members, 15 of whom would be appointed by the President of the United States; 5 to be appointed by the President of the Senate; and 5 by the Speaker of the House of Representatives. Bipartisanship is provided for in the two latter groups by the requirement that in each of these groups, 3 members will be from the majority party and 2 from the minority party. With respect to the 15 members to be appointed by the President, the committee felt that any numerical requirement based upon political considerations would constitute an undue restriction on the President's freedom of choice and might well defeat the objective of complete nonpartisanship in these appointments, which the committee deems desirable. Accordingly, the committee concluded that it would be preferable to rely upon the President to appoint these 15 members solely on the basis of qualifications and experience and without reference to political affiliation or activity. This will enable the President to appoint persons who are properly representative of various interested groups, including Governors of States, members of State legislatures and representatives of State, county and municipal associations as well as local governments. It would also leave him free to include representatives of labor, industry, commerce, agriculture, taxpayers' associations, and others with specific qualifications in the fields of health, education, and social security.

The Commission would be authorized to submit interim reports to the President, as deemed necessary by the President or the Commission, and would be required to submit its final report and recommendations to the President for transmittal to the Congress not later than March 1, 1954, at which time it would cease to exist.

The establishment of a commission to study various aspects of Federal-State-local relations has received almost continuous consideration by the Committee on Government Operations since the Hoover Commission submitted its report and recommendations on this subject in 1949, recommending that such a study be made. During the past 4 years, the Committee on Government Operations has held extensive hearings in an effort to devise some means of initiating studies of the general problem of intergovernmental relations. Bills to establish such a commission were reported unanimously during both the 81st and 82d Congresses. They failed of approval in the Senate, due largely to differences on the part of individual Senators relative to the composition of the proposed Commission and the length of time provided for the study.

A comprehensive study of Federal-State-local relations such as is contemplated by

S. 1514 is long overdue. For the confusion, duplication, and overlapping of Federal and State functions, the American people are paying a tremendous price. This bill was approved by all of the members of the Committee on Government Operations, and by former President Hoover. It is a priority measure of the President of the United States who recognized the urgent need for the study contemplated almost immediately after he assumed office. It has the wholehearted support of Senators on both sides of the aisle, and the major associations concerned with State, county, and municipal affairs have repeatedly supported similar proposals.

S. 1514, as amended by the committee, will provide the Commission on Intergovernmental Relations with adequate authority to carry out the intent of the Congress to provide for a complete study of all phases of intergovernmental relations, as recommended by the Hoover Commission and the President. The Commission's report and recommendations will serve as a much-needed blueprint to enable the Congress to take appropriate legislative action to simplify and readjust Federal-State-local relations in the various areas in which confusion, duplication, and overlapping now exist.

The proposed Commission on Intergovernmental Relations will in no way duplicate the work of the proposed Commission on Governmental Operations provided for in S. 106, the next bill on the calendar. Amendments approved by the committee will avoid any possible duplication. This was accomplished by striking from S. 106 a provision specifically authorizing a study of intergovernmental relations by the proposed Commission on Governmental Operations. The reports on both of these bills clearly state the intent of the Congress that duplication be avoided.

The PRESIDING OFFICER. The clerk will proceed to state the amendments.

The first amendment of the Committee on Government Operations was, on page 2, line 11, in the subhead, after the word "on", to strike out "Governmental Functions and Fiscal Resources" and insert "Intergovernmental Relations"; in line 15, after the word "on", strike out "Governmental Functions and Fiscal Resources" and insert "Intergovernmental Relations"; on page 3, after line 20, to insert:

SEC. 3. (a) The Commission shall carry out the purposes of section 1 hereof.

The amendment was agreed to.

The next amendment was, on page 3, line 23, to strike out "Sec. 3. (a)" and insert "(b)."

The amendment was agreed to.

The next amendment was, on page 4, line 1, after the word "governments", to insert "the interrelationships of the financing of this aid, the sources of the financing of governmental programs, and problems in the field of intergovernmental tax immunities."

Mr. TAFT. Mr. President, I offer an amendment to the committee amendment on page 4, line 2, after the word "aid", to insert the word "and"; and in line 3, after the word "programs", to change the comma to a period and strike out "and problems in the field of intergovernmental tax immunities."

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Ohio

to the committee amendment on page 4, beginning in line 2.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

Mr. TAFT. Mr. President, I should like to make a brief statement as to why I offered my amendment to the committee amendment. It was to cover the case of Government plants which are moved into various places where they are not subject to taxation. The property is thus taken off the tax rolls. I feel that that subject has become of such an emergency nature that it ought not to be postponed for a year while the Commission studies it. I think the Commission ought to go about doing something at once. I do not see any reason for taking a full year to study the question.

Furthermore, the language, without the intention of the committee, very obviously covers the study of the taxability of municipal bonds. I have received a letter of very violent protest from the executive director of the United States Conference of Mayors objecting at least to inviting the Commission to open up that subject, which has been before the Congress two or three times already. While it is possibly within the general scope of the language used, certainly I do not think the language ought to include a direct invitation to enter that field.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. TAFT. I yield.

Mr. ELLENDER. Was the letter to which the Senator referred from the Municipal Association?

Mr. TAFT. It was from Mr. Paul B. Betters, executive director of the United States Conference of Mayors.

Mr. ELLENDER. Did the Senator receive any other protests from mayors?

Mr. TAFT. I have received only this letter. The mayors are just waking up to the fact that the committee amendment covered municipal bonds.

Mr. ELLENDER. Is the Senator's amendment opposed by them?

Mr. TAFT. No. I never did want the Commission to go into the other problem, that is, the problem of taxability of Government plants.

Mr. ELLENDER. So the amendment which the Senator has offered to the committee amendment would probably meet the objection which has been made.

Mr. TAFT. It would meet that objection and also meet the other objection which I had.

Mrs. SMITH of Maine. Mr. President, will the Senator yield?

Mr. TAFT. I yield.

Mrs. SMITH of Maine. It was the intention of the committee to have the wording exactly as suggested by the Director of the Budget.

Mr. TAFT. I understood that, but I think he did not realize the implications of the language in that particular respect. His other words are retained. We retain the language "the interrelationships of the financing of this aid, the sources of the financing of governmental programs." I did not change

that. However, I feel that the following language went much further than the committee or the Budget Director really intended.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. TAFT. I yield.

Mr. ELLENDER. Do I correctly understand that the committee was unanimous in its approval of the bill?

Mr. TAFT. The committee was unanimous with respect to the general provisions of the bill.

Mr. MARTIN. Mr. President, will the Senator yield?

Mr. TAFT. I yield.

Mr. MARTIN. In considering this subject it should be realized that the level of government which is in the most difficult situation from a tax standpoint is the local level of government. If we expect the Government to go back to the local level, as many people are now advocating, it will be necessary for local governments to have taxes in order to perform their functions properly. Chief Justice Marshall said that the power to tax is the power to destroy. The Federal Government will eventually destroy the State governments, and the Federal Government and the State governments combined will destroy all local government unless we give local government taxes with which to carry on the functions which we expect local government to perform. I think the Congress ought to keep that principle in mind at all times. This bill, of course, provides for a study of the situation.

Before we can come to any sound conclusion, we must have taxes allocated for the three levels of government, and we must make sure that the highest level of government does not interfere with the lower levels.

The PRESIDING OFFICER. The next committee amendment will be stated.

The next amendment was, in line 14, before the word "The", strike out "(b)" and insert "(c)."

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc.—

DECLARATION OF PURPOSE

SECTION 1. Because existing confusion and wasteful duplication of functions and administration pose a threat to the objectives of programs of the Federal Government shared in by the States including their political subdivisions, because the activity of the Federal Government has been extended into many fields which, under our constitutional system, are the primary interest and obligation of the several States and the subdivisions thereof, and because of the resulting complexity of intergovernmental relations, it is necessary to study the proper role of the Federal Government in relation to the States and their political subdivisions, with respect to such fields, to the end that these relations may be clearly defined and the functions concerned may be allocated to their proper jurisdiction. It is further necessary that intergovernmental fiscal relations be so adjusted that each level of Government discharges the functions which belong within its jurisdiction in a sound and effective manner.

COMMISSION ON INTERGOVERNMENTAL RELATIONS

SEC. 2. (a) For the purpose of carrying out this act there is hereby established a Commission to be known as the Commission on Intergovernmental Relations, hereinafter referred to as the "Commission."

(b) The Commission shall be composed of 25 members, as follows:

(1) Fifteen members appointed by the President of the United States, from among whom the President shall designate the Chairman and the Vice Chairman of the Commission;

(2) Five members appointed by the President of the Senate, three from the majority party, and two from the minority party; and

(3) Five members appointed by the Speaker of the House of Representatives, three from the majority party, and two from the minority party.

(c) Any vacancy in the Commission shall not affect its powers, but shall be filled in the same manner in which the original appointment was made.

(d) Thirteen members of the Commission shall constitute a quorum, but a lesser number may, conduct hearings.

(e) Service of an individual as a member of the Commission or employment of an individual by the Commission as an attorney or expert in any business or professional field, on a part-time or full-time basis, with or without compensation, shall not be considered as service or employment bringing such individual within the provisions of section 281, 283, 284, 434, or 1914 of title 18 of the United States Code, or section 190 of the Revised Statutes (5 U. S. C. 99).

DUTIES OF THE COMMISSION

SEC. 3. (a) The Commission shall carry out the purposes of section 1 hereof.

(b) The Commission shall study and investigate all of the present activities in which Federal aid is extended to State and local governments, the interrelationships of the financing of this aid and the sources of the financing of governmental programs. The Commission shall determine and report whether there is justification for Federal aid in the various fields in which Federal aid is extended; whether there are other fields in which Federal aid should be extended; whether Federal control with respect to these activities should be limited, and, if so, to what extent; whether Federal aid should be limited to cases of need; and all other matters incident to such Federal aid, including the ability of the Federal Government and the States to finance activities of this nature.

(c) The Commission, not later than March 1, 1954, shall submit to the President for transmittal to the Congress its final report, including recommendations for legislative action; and the Commission may also from time to time make to the President such earlier reports as the President may request or as the Commission deems appropriate.

HEARINGS; OBTAINING INFORMATION

SEC. 4. (a) The Commission or, on the authorization of the Commission, any subcommittee or member thereof, may, for the purpose of carrying out the provisions of this act, hold such hearings and sit and act at such times and places, and take such testimony, as the Commission or such subcommittee or member may deem advisable.

(b) The Commission is authorized to secure from any department, agency, or independent instrumentality of the executive branch of the Government any information it deems necessary to carry out its functions under this act; and each such department, agency, and instrumentality is authorized and directed to furnish such information to the Commission, upon request made by the

Chairman or by the Vice Chairman when acting as Chairman.

APPROPRIATIONS, EXPENSES, AND PERSONNEL

SEC. 5. (a) There are hereby authorized to be appropriated such amounts as may be necessary to carry out the provisions of this act.

(b) Each member of the Commission shall receive \$50 per diem when engaged in the performance of duties vested in the Commission, except that no compensation shall be paid by the United States, by reason of service as a member, to any member who is receiving other compensation from the Federal Government, or to any member who is receiving compensation from any State or local government.

(c) Each member of the Commission shall be reimbursed for travel, subsistence, and other necessary expenses incurred by him in the performance of duties vested in the Commission.

(d) The Commission may appoint and fix the compensation of such employees as it deems advisable in accordance with the provisions of the civil-service laws and the classification laws.

(e) The Commission may procure, without regard to the civil-service laws and the classification laws, temporary and intermittent services to the same extent as is authorized for the departments by section 15 of the act of August 2, 1946 (60 Stat. 810), but at rates not to exceed \$50 per diem for individuals.

(f) Without regard to the civil-service and classification laws, the Commission may appoint and fix the compensation of a Director who shall perform such duties as the Commission shall prescribe.

TERMINATION OF THE COMMISSION

SEC. 6. Six months after the transmittal to the Congress of the final report provided for in section 3 of this act, the Commission shall cease to exist.

The title was amended so as to read: "A bill to establish a Commission on Intergovernmental Relations."

COMMISSION ON ORGANIZATION OF THE EXECUTIVE BRANCH OF THE GOVERNMENT

The Senate proceeded to consider the bill (S. 106) for the establishment of the Commission on Organization of the Executive Branch of the Government, which had been reported from the Committee on Government Operations with amendments, on page 2, line 3, after "(1)", to strike out "limiting" and insert "recommending methods and procedures for reducing"; after line 12, to strike out:

(5) defining and limiting executive functions, services, and activities;

(6) eliminating services, functions, and activities more properly within the jurisdiction of State and local governments;

In line 18, to change the subsection number from "(7)" to "(5)"; after line 20, to strike out:

(8) postponing expenditures during periods of heavy defense commitments where deferral will not impair essential functioning of government;

In line 24, to change the subsection number from "(9)" to "(6)"; on page 3, line 1, to change the subsection number from "(10)" to "(7)"; in line 7, after the word "on", to strike out "Organization of the Executive Branch of the Government" and insert "Governmental Operations"; after line 10, to insert:

(b) Service of an individual as a member of the Commission or employment of an

individual by the Commission as an attorney or expert in any business or professional field, on a part-time or full-time basis, with or without compensation, shall not be considered as service or employment bringing such individual within the provisions of sections 281, 283, 284, 434, or 1914 of title 18 of the United States Code, or section 190 of the Revised Statutes (5 U. S. C. 99).

On page 4, line 1, after the word "President", to strike out "pro tempore"; after line 6, to strike out:

(b) Qualification of members: Of each class of four members appointed under paragraphs (1), (2), and (3) of subsection (a), respectively, one member, if available, shall have served on the Commission established pursuant to the act entitled "An Act for the Establishment of the Commission on Organization of the Executive Branch of the Government", approved July 7, 1947.

After line 13, to insert:

(b) Political affiliation: Of each class of 2 members appointed in subsection (a), not more than 1 member shall be from each of the 2 major political parties.

On page 5, line 17, after the word "receive", to strike out "\$75" and insert "\$50"; in line 23, after "SEC. 7.", to insert "(a)"; on page 6, line 2, after the word "of", to strike out "1923" and insert "1949"; after line 3, to insert:

(b) The Commission may procure, without regard to the civil-service laws and the classification laws, temporary and intermittent services to the same extent as is authorized for the departments by section 15 of the act of August 2, 1946 (60 Stat. 810), but at rates not to exceed \$50 per diem for individuals.

After line 14, to strike out:

EXPIRATION OF THE COMMISSION

SEC. 9. Ninety days after the submission to the Congress of the report provided for in section 10 (b), the Commission shall cease to exist.

In line 20, after "SEC.", to strike out "10" and insert "9"; on page 7, line 3, after the word "Report", to strike out "The Commission shall make a report of its findings and recommendations to the Congress not later than February 1, 1954" and insert "The Commission shall submit interim reports at such time, or times, as the Commission deems necessary, shall submit a comprehensive report of its activities and the results of its studies to the Congress on or before December 31, 1954, and shall submit its final report not later than May 31, 1955, at which date the Commission shall cease to exist. The final report of the Commission may propose such constitutional amendments, legislative enactments, and administrative actions as in its judgment are necessary to carry out its recommendations."

And in line 16, to change the section number from "11" to "10", so as to make the bill read:

Be it enacted, etc.—

DECLARATION OF POLICY

SECTION 1. It is hereby declared to be the policy of Congress to promote economy, efficiency, and improved service in the transaction of the public business in the departments, bureaus, agencies, boards, commissions, offices, independent establishments, and instrumentalities of the executive branch of the Government by—

(1) recommending methods and procedures for reducing expenditures to the low-

est amount consistent with the efficient performance of essential services, activities, and functions;

(2) eliminating duplication and overlapping of services, activities, and functions;

(3) consolidating services, activities, and functions of a similar nature;

(4) abolishing services, activities, and functions not necessary to the efficient conduct of government;

(5) eliminating nonessential services, functions, and activities which are competitive with private enterprise;

(6) defining responsibilities of officials; and

(7) relocating agencies now responsible directly to the President in departments or other agencies.

ESTABLISHMENT OF THE COMMISSION ON ORGANIZATION OF THE EXECUTIVE BRANCH

SEC. 2. (a) For the purpose of carrying out the policy set forth in section 1 of this act, there is hereby established a commission to be known as the Commission on Governmental Operations (in this act referred to as the "Commission").

(b) Service of an individual as a member of the Commission or employment of an individual by the Commission as an attorney or expert in any business or professional field, on a part-time or full-time basis, with or without compensation, shall not be considered as service or employment bringing such individual within the provisions of section 281, 283, 284, 434, or 1914 of title 18 of the United States Code, or section 190 of the Revised Statutes (5 U. S. C. 99).

MEMBERSHIP OF THE COMMISSION

SEC. 3. (a) Number and appointment: The Commission shall be composed of 12 members as follows:

(1) Four appointed by the President of the United States, 2 from the executive branch of the Government and 2 from private life;

(2) Four appointed by the President of the Senate, 2 from the Senate and 2 from private life; and

(3) Four appointed by the Speaker of the House of Representatives, 2 from the House of Representatives and 2 from private life.

(b) Political affiliation: Of each class of 2 members appointed in subsection (a), not more than 1 member shall be from each of the 2 major political parties.

(c) Vacancies: Any vacancy in the Commission shall not affect its powers, but shall be filled in the same manner in which the original appointment was made.

ORGANIZATION OF THE COMMISSION

SEC. 4. The Commission shall elect a Chairman and a Vice Chairman from among its members.

QUORUM

SEC. 5. Seven members of the Commission shall constitute a quorum.

COMPENSATION OF MEMBERS OF THE COMMISSION

SEC. 6. (a) Members of Congress: Members of Congress who are members of the Commission shall serve without compensation in addition to that received for their services as Members of Congress; but they shall be reimbursed for travel, subsistence, and other necessary expenses incurred by them in the performance of the duties vested in the Commission.

(b) Members from the executive branch: The members of the Commission who are in the executive branch of the Government shall serve without compensation in addition to that received for their services in the executive branch, but they shall be reimbursed for travel, subsistence, and other necessary expenses incurred by them in the performance of the duties vested in the Commission.

(c) Members from private life: The members from private life shall each receive \$50 per diem when engaged in the actual performance of duties vested in the Commis-

sion, plus reimbursement for travel, subsistence, and other necessary expenses incurred by them in the performance of such duties.

STAFF OF THE COMMISSION

SEC. 7. (a) The Commission shall have power to appoint and fix the compensation of such personnel as it deems advisable, in accordance with the provisions of the civil-service laws and the Classification Act of 1949, as amended.

(b) The Commission may procure, without regard to the civil-service laws and the classification laws, temporary and intermittent services to the same extent as is authorized for the departments by section 15 of the act of August 2, 1946 (60 Stat. 810), but at rates not to exceed \$50 per diem for individuals.

EXPENSES OF THE COMMISSION

SEC. 8. There is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, so much as may be necessary to carry out the provisions of this act.

DUTIES OF THE COMMISSION

SEC. 9. (a) Investigation: The Commission shall study and investigate the present organization and methods of operation of all departments, bureaus, agencies, boards, commissions, offices, independent establishments, and instrumentalities of the executive branch of the Government to determine what changes therein are necessary in their opinion to accomplish the purposes set forth in section 1 of this act.

(b) Report: The Commission shall submit interim reports at such time, or times, as the Commission deems necessary, shall submit a comprehensive report of its activities and the results of its studies to the Congress on or before December 31, 1954, and shall submit its final report not later than May 31, 1955, at which date the Commission shall cease to exist. The final report of the Commission may propose such constitutional amendments, legislative enactments, and administrative actions as in its judgment are necessary to carry out its recommendations.

POWERS OF THE COMMISSION

SEC. 10. (a) Hearings and sessions: The Commission, or any member thereof, may, for the purpose of carrying out the provisions of this act, hold such hearings and sit and act at such times and places, and take such testimony, as the Commission or such member may deem advisable. Any member of the Commission may administer oaths or affirmations to witnesses appearing before the Commission or before such member.

(b) Obtaining official data: The Commission is authorized to secure directly from any executive department, bureau, agency, board, commission, office, independent establishment, or instrumentality information, suggestions, estimates, and statistics for the purpose of this act; and each such department, bureau, agency, board, commission, office, establishment, or instrumentality is authorized and directed to furnish such information, suggestions, estimates, and statistics directly to the Commission, upon request made by the Chairman or Vice Chairman.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended so as to read: "A bill for the establishment of a Commission on Governmental Operations."

Mrs. SMITH of Maine. Mr. President, I ask unanimous consent that a statement in explanation of the bill be printed in the RECORD at this point.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR SMITH OF MAINE

S. 106, as amended by the committee, would create a bipartisan Commission on Governmental Operations, similar in composition to the Commission on Organization of the Executive Branch of the Government (the Hoover Commission), but somewhat broader in its frame of reference and authority.

The proposed Commission would be authorized to make studies and investigations of the present organization and methods of operation of all agencies of the Federal Government, and to submit recommendations to the Congress for appropriate action designed to abolish services, activities and functions not necessary to the efficient conduct of the Government, or which may be found to be in competition with private enterprise. In addition to powers vested in the Hoover Commission, to make recommendations for improvement of Federal organization, methods, and administration, the new Commission would have authority to make studies and recommendations relative to changes in substantive policies and Federal programs.

Testimony at the hearings revealed virtual unanimity on the part of all witnesses and members of the committee that there is a need for a comprehensive study of duplicating and overlapping activities, organization, methods, administration, functions, and policies, with a view to improving Government efficiency and effecting economies. The hearings also developed the fact that, although the Hoover Commission performed an important service effectively, many of its recommendations have not been fully implemented, and these recommendations should be reevaluated in the light of present conditions. That more of the recommendations contained in the Hoover reports have not been approved is due primarily to the fact that the Hoover Commission was not authorized to deal with substantive programs and policies. In many instances, the line of demarcation between organization and administration, on the one hand, and substantive policy on the other, often made it difficult to separate the two. The new Commission proposed under S. 106 would have adequate authority to examine not only all of the governmental operations previously covered by the Hoover Commission, 4 years ago, but also Federal functions, programs and policies as well. Testimony indicated further that substantial economies should result from such studies.

The Commission would be required to submit interim reports from time to time, as it deems necessary, to submit a comprehensive report of its activities and the results of its studies to the Congress on or before December 31, 1954, and its final report not later than May 31, 1955.

As amended by the committee, S. 106 will provide for the broad study of governmental operations which is so urgently needed at this time. It is supported by former President Herbert Hoover and President Eisenhower. The Director of the Bureau of the Budget participated in the executive session of the committee at which the amendments were considered and the bill was reported favorably. The bill has the unanimous support of all members of the Committee on Governmental Operations, and it was actively supported by organizations and individuals who are interested in more efficient government at substantially lower cost.

There will be no duplication between the work of the Commission on Governmental Operations, created by S. 106, and that of the Commission on Intergovernmental Relations, which would be established by S. 1514, the preceding bill. To make certain of this the committee struck out a provision in S. 106

which would have specifically authorized the Commission on Governmental Operations to conduct studies into Federal-State relations.

Approval of S. 106 is not intended to interfere with any reorganization programs which may now be under consideration by the President. If approved by the Congress, the proposed Commission will not be required to submit its findings and recommendations until December 31, 1954, and its final report until May 31, 1955. The committee stressed in its report that reorganizations presently under consideration by the President or the Congress, proposing further streamlining and reorganizations in the executive branch of the Government, should not be delayed unnecessarily, pending the submission of reports by this Commission.

JOINT RESOLUTION PASSED OVER

The joint resolution (S. J. Res. 49) proposing an amendment to the Constitution of the United States relative to equal rights for men and women was announced as next in order.

Mr. GORE. Mr. President, reserving the right to object—

Mr. SMATHERS. Over.

Mr. TAFT. Mr. President, a measure of this much importance should not be passed on the call of the calendar. At a later date I shall move to bring it up for consideration by the Senate.

The PRESIDING OFFICER. The joint resolution will go over.

REV. A. E. SMITH

The bill (S. 1334) for the relief of the Reverend A. E. Smith was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to the Reverend A. E. Smith, of Bismarck, N. Dak., the sum of \$1,706.40, in full satisfaction of all claims against the United States for reimbursement for custom duties paid upon the importation of stained-glass windows for use in St. George's Church in Bismarck, N. Dak.: *Provided,* That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000.

BILL PASSED OVER

The bill (H. R. 662) for the relief of Mr. and Mrs. Joseph W. Furstenberg was announced as next in order.

Mr. GORE. Over.

The PRESIDING OFFICER. The bill goes over.

MRS. MURIEL J. SHINGLER, DOING BUSINESS AS SHINGLER'S HATCHERY

The bill (H. R. 720) for the relief of Mrs. Muriel J. Shingler, doing business as Shingler's Hatchery, was considered, ordered to a third reading, read the third time, and passed.

83^d CONGRESS
1ST SESSION

S. 1514

IN THE HOUSE OF REPRESENTATIVES

MAY 7, 1953

Referred to the Committee on Government Operations

AN ACT

To establish a Commission on Intergovernmental Relations.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 DECLARATION OF PURPOSE

4 SECTION 1. Because existing confusion and wasteful
5 duplication of functions and administration pose a threat to
6 the objectives of programs of the Federal Government shared
7 in by the States including their political subdivisions, because
8 the activity of the Federal Government has been extended
9 into many fields which, under our constitutional system, are
10 the primary interest and obligation of the several States and
11 the subdivisions thereof, and because of the resulting com-

1 plexity of intergovernmental relations, it is necessary to
2 study the proper role of the Federal Government in relation
3 to the States and their political subdivisions, with respect to
4 such fields, to the end that these relations may be clearly
5 defined and the functions concerned may be allocated to their
6 proper jurisdiction. It is further necessary that intergovern-
7 mental fiscal relations be so adjusted that each level of gov-
8 ernment discharges the functions which belong within its
9 jurisdiction in a sound and effective manner.

10 COMMISSION ON INTERGOVERNMENTAL RELATIONS

11 SEC. 2. (a) For the purpose of carrying out this Act
12 there is hereby established a Commission to be known as
13 the Commission on Intergovernmental Relations, hereinafter
14 referred to as the "Commission".

15 (b) The Commission shall be composed of twenty-five
16 members, as follows:

17 (1) Fifteen members appointed by the President of
18 the United States, from among whom the President shall
19 designate the Chairman and the Vice Chairman of the
20 Commission;

21 (2) Five members appointed by the President of the
22 Senate, three from the majority party, and two from the
23 minority party; and

24 (3) Five members appointed by the Speaker of the

1 House of Representatives, three from the majority party,
2 and two from the minority party.

3 (c) Any vacancy in the Commission shall not affect its
4 powers, but shall be filled in the same manner in which the
5 original appointment was made.

6 (d) Thirteen members of the Commission shall con-
7 stitute a quorum, but a lesser number may conduct hearings.

8 (e) Service of an individual as a member of the Com-
9 mission or employment of an individual by the Commission
10 as an attorney or expert in any business or professional
11 field, on a part-time or full-time basis, with or without com-
12 pensation, shall not be considered as service or employ-
13 ment bringing such individual within the provisions of sec-
14 tion 281, 283, 284, 434, or 1914 of title 18 of the United
15 States Code, or section 190 of the Revised Statutes (5
16 U. S. C. 99).

17 DUTIES OF THE COMMISSION

18 SEC. 3. (a) The Commission shall carry out the pur-
19 poses of section 1 hereof.

20 (b) The Commission shall study and investigate all
21 of the present activities in which Federal aid is extended
22 to State and local governments, the interrelationships of
23 the financing of this aid, and the sources of the financing
24 of governmental programs. The Commission shall deter-

1 mine and report whether there is justification for Federal aid
2 in the various fields in which Federal aid is extended;
3 whether there are other fields in which Federal aid should be
4 extended; whether Federal control with respect to these
5 activities should be limited, and, if so, to what extent;
6 whether Federal aid should be limited to cases of need; and
7 all other matters incident to such Federal aid, including
8 the ability of the Federal Government and the States to
9 finance activities of this nature.

10 (c) The Commission, not later than March 1, 1954,
11 shall submit to the President for transmittal to the Congress
12 its final report, including recommendations for legislative
13 action; and the Commission may also from time to time
14 make to the President such earlier reports as the President
15 may request or as the Commission deems appropriate.

16 HEARINGS; OBTAINING INFORMATION

17 SEC. 4. (a) The Commission or, on the authorization of
18 the Commission, any subcommittee or member thereof, may,
19 for the purpose of carrying out the provisions of this Act,
20 hold such hearings and sit and act at such times and places,
21 and take such testimony, as the Commission or such subcom-
22 mittee or member may deem advisable.

23 (b) The Commission is authorized to secure from any
24 department, agency, or independent instrumentality of the
25 executive branch of the Government any information it deems

1 necessary to carry out its functions under this Act; and each
2 such department, agency, and instrumentality is authorized
3 and directed to furnish such information to the Commission,
4 upon request made by the Chairman or by the Vice Chair-
5 man when acting as Chairman.

6 APPROPRIATIONS, EXPENSES, AND PERSONNEL

7 SEC. 5. (a) There are hereby authorized to be appro-
8 priated such amounts as may be necessary to carry out the
9 provisions of this Act.

10 (b) Each member of the Commission shall receive \$50
11 per diem when engaged in the performance of duties vested
12 in the Commission, except that no compensation shall be
13 paid by the United States, by reason of service as a member,
14 to any member who is receiving other compensation from
15 the Federal Government, or to any member who is receiving
16 compensation from any State or local government.

17 (c) Each member of the Commission shall be reim-
18 bursed for travel, subsistence, and other necessary expenses
19 incurred by him in the performance of duties vested in the
20 Commission.

21 (d) The Commission may appoint and fix the compen-
22 sation of such employees as it deems advisable in accordance
23 with the provisions of the civil-service laws and the classifi-
24 cation laws.

25 (e) The Commission may procure, without regard to

1 the civil-service laws and the classification laws, temporary
2 and intermittent services to the same extent as is authorized
3 for the departments by section 15 of the Act of August 2,
4 1946 (60 Stat. 810), but at rates not to exceed \$50 per
5 diem for individuals.

6 (f) Without regard to the civil-service and classifica-
7 tion laws, the Commission may appoint and fix the compen-
8 sation of a Director who shall perform such duties as the
9 Commission shall prescribe.

10 TERMINATION OF THE COMMISSION

11 SEC. 6. Six months after the transmittal to the Congress
12 of the final report provided for in section 3 of this Act, the
13 Commission shall cease to exist.

. Passed the Senate May 6, 1953.

Attest:

J. MARK TRICE,

Secretary.

AN ACT

To establish a Commission on Intergovernmental Relations.

MAY 7, 1953

Referred to the Committee on Government Operations

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued June 4, 1953
For actions of June 3, 1953
83rd-1st, No. 101

CONTENTS

Access roads.....1	Economic controls.....11	Organization.....13
Adjournment.....6	Electrification.....4	Personnel.....1
Appropriations.....1,4,5,8	Experiment stations.....3	Reorganization.....7,21
Budget.....20	Flammable fabrics.....9,24	Report.....3
Buildings.....16	Foreign aid.....5	St. Lawrence seaway.....2,19
CCC pea sales.....10	Forest highways.....1	Small business.....14
Conservation.....18	Housing, farm.....12	Taxation.....20
Contracts.....23	Lands, grazing.....17	T.V.A.....4
Credit union.....25	Legislative program.....6	Trade, foreign.....22
Disbursing.....15	Loans, housing.....12	Veterans' benefits.....12

HIGHLIGHTS: Senate debated State, Justice, Commerce appropriation bill. Senate Subcommittee approved for reporting to full committee USDA appropriation bill. House rejected motion to consider resolution disapproving USDA reorganization plan. House passed flammable fabrics bill. House committee reported bills establishing commissions on intergovernmental relations and organization.

SENATE

1. **APPROPRIATIONS.** Continued debate on H.R. 4974, the State, Justice, Commerce appropriation bill for 1954 (pp. 6175, 6182-223). Rejected, 35-36, a motion to suspend the rules to permit consideration en bloc of three Carlson amendments granting heads of the State, Justice and Commerce Departments complete discretion to terminate the services of employees outside the competitive civil service (pp. 6217-21). Agreed to committee amendments providing \$14,000,000 for forest highways, and \$5,500,000 for access roads (p. 6201).
The Appropriations Subcommittee approved for reporting to the full committee with amendments H.R. 5227, the Agriculture appropriation bill for 1954 (p. D500).
2. **ST. LAWRENCE SEAWAY.** The Foreign Relations Subcommittee ordered reported to the full committee with amendments S. 589, to create the St. Lawrence Seaway Development Corporation (p. D501).
3. **EXPERIMENT STATIONS.** Received a printed copy of USDA's report on the agricultural experiment stations for 1952, which is to take place of a typewritten report received Jan. 2; to Agriculture and Forestry Committee (p. 6170).
4. **TVA.** Sen. Kefauver urged appropriation of additional funds for more power-generating facilities for TVA, and inserted a Tenn. Railroad and Public Utilities Comm. resolution on this subject (pp. 6170-1).

5. FOREIGN AID. Sen. Wiley spoke "on the crucial importance of the United Nations International Children's Emergency Fund," and inserted various messages urging continued U. S. support and appropriations for this fund (pp. 6174-5).
6. LEGISLATIVE PROGRAM as announced by the acting majority leader: Thurs., after completion of the State, Justice, Commerce appropriation bill, the Senate will consider 3 "noncontroversial" bills, including S. 690, authorizing GSA to enter into lease-purchase agreements covering real property; and S. 1461, concerning common carriers' requests for increased rates; and then "the acting majority leader would propose that the Senate recess until Monday" (p. 6213).

HOUSE

7. REORGANIZATION. Approved Reorganization Plan No. 2, for this Department, by rejecting, 128-261, a motion to consider H. Res. 236 disapproving this plan. Reps. Fountain, Abernethy, and Hope analyzed the reorganization plan and inserted statements made by the Secretary and his staff on this and former reorganization plans of the Department (pp. 6136-51). This plan goes into effect today, June 4.
8. APPROPRIATIONS. Passed H.R. 5471, the D. C. appropriation bill for 1954 (pp. 6135-36).
9. FLAMMABLE FABRICS. Passed with a clarifying amendment H.R. 5069, to prohibit movement in interstate commerce of highly flammable fabrics and wearing apparel (pp. 6155-64).
10. CCC PEA SALES. The "Daily Digest" states: "The Hoeven subcommittee announced today that public hearings have been scheduled for Wednesday morning, June 17, to study the CCC sale of 80,000 tons of Austrian winter peas to 3 west-coast concerns" (p. D503).
11. ECONOMIC CONTROLS. The "Daily Digest" states that the Banking and Currency Committee, in consideration of S. 1081, providing for temporary economic controls, "agreed unanimously to strike all of title 8 out of the bill, which provided for a 90-day freeze on prices, wages, services, etc., in the case of emergency. Also struck out of title 6 all the provisions concerning consumer credit and real-estate credit controls." (p. D503).
12. FARM HOUSING. The Veterans' Affairs Committee reported without amendment H.R. 5456, extending to June 30, 1954 the direct home and farmhouse loan authority of the Administrator of Veterans' Affairs under title 3 of the Servicemen's Readjustment Act of 1944 (H.Rept. 501) (p. 6167).
13. ORGANIZATION. The Government Operations Committee reported with amendment H.R. 4406 and H.R. 992, to establish commissions on intergovernmental relations and organization of the Executive Branch (H. Repts. 504 and 505). The Rules Committee reported resolutions providing for consideration of these bills (p. 6167).
14. SMALL BUSINESS. The Rules Committee reported a resolution for the consideration of H.R. 5141, to create the Small Business Administration (p. 6167).
15. DISBURSING. The Government Operations Committee reported without amendment H.R. 3770, to amend the act of Dec. 23, 1944, authorizing certain transactions by disbursing officers (H. Rept. 511). A resolution for consideration of this bill was also reported (p. 6167).

ESTABLISHING A COMMISSION ON INTERGOVERNMENTAL RELATIONS

JUNE 3, 1953.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. HOFFMAN of Michigan, from the Committee on Government Operations, submitted the following

REPORT

[To accompany H. R. 4406]

The Committee on Government Operations, to whom was referred the bill (H. R. 4406) to establish a Commission on Governmental Functions and Fiscal Resources, having considered the same, unanimously report thereon, with amendments, without prejudice.

The amendments are as follows:

Page 1, line 5 after the word "because" insert the word "any".

Page 2, line 2, after the word "system" strike the word "are" and insert the words "may be".

Page 2, line 4, after the word "complexity" strike the word "of" and insert the word "to".

Page 2, line 11, strike "Governmental Functions and Fiscal Resources" and substitute "Intergovernmental Relations".

Page 2, line 14, capitalize the word "Commission".

Page 2, line 15, strike "Governmental Functions and Fiscal Resources" and substitute "Intergovernmental Relations".

Page 3, between lines 18 and 19, insert the following new subsection:

SEC. 3. (a) The Commission shall carry out the purpose of section 1 hereof.

Page 3, line 19, strike "(a)" and insert in lieu thereof "(b)".

Page 3, line 21, after the word "Governments", change the period to a comma and insert the following: "the interrelationships of the financing of this aid, and the sources of the financing of governmental programs."

Page 4, line 6, renumber subsection "(b)" as subsection "(c)".

Page 4, section 4 (a), line 17, after "places," strike the remainder of the sentence and add:

administer such oaths, and require, by subpoena or otherwise, the attendance and testimony of such witnesses and the production of such books, records, corres-

pondence, memoranda, papers, and documents, as the Commission or such subcommittee or member may deem advisable. Subpenas may be issued under the signature of the Chairman of the Commission, of such subcommittee, or any duly designated member, and may be served by any person designated by such Chairman or member. The provisions of sections 102 to 104, inclusive, of the Revised Statutes (U. S. C., title 2, secs. 192-194), shall apply in the case of any failure of any witness to comply with any subpoena or to testify when summoned under authority of this section."

Page 5, line 19, after the word "advisable", delete remainder of sentence and insert: "without regard to the provisions of the civil-service laws and the Classification Act of 1949, as amended."

Amend the title by striking out after the word "on" the words "Governmental Functions and Fiscal Resources" and substituting "Intergovernmental Relations".

PURPOSE OF H. R. 4406

This bill was introduced by Congressman Charles A. Halleck. It is based upon a request of the President of the United States in his state of the Union message and a more specific request in his special message to the Congress on March 30, 1953, for legislation to provide for the creation of a commission to study and report on solutions to many problems involving Federal relations with State and local governments and the overlapping of jurisdictions and programs, particularly in the fields of taxation and grants-in-aid.

Under the amended bill the Commission has the responsibility to carry out the purpose in section 1 in which it is declared that because the activity of the Federal Government has been extended into many fields and because of the resulting complexity of intergovernmental relations, it is necessary—

(a) to study the proper role of the Federal Government in relation to the States and their political subdivisions, with respect to such fields, to the end that these relations may be clearly defined and the functions concerned may be allocated to their proper jurisdiction, and

(b) that intergovernmental fiscal relations be so adjusted that each level of government discharges the functions which belong within its jurisdiction in a sound and effective manner.

In addition, section 3 provides more specifically for the study and investigation of—

(a) all of the present activities in which Federal aid is extended to State and local governments;

(b) the interrelationships of the financing of this aid; and

(c) the sources of finances of governmental programs.

The Commission is also required to determine and report—

(a) whether there is justification for Federal aid in the various fields in which Federal aid is extended;

(b) whether there are other fields in which Federal aid should be extended;

(c) whether Federal control with respect to these activities should be limited, and, if so, to what extent;

(d) whether Federal aid should be limited to cases of need; and

(e) on all matters incident to such Federal aid, including the ability of the Federal Government and the States to finance activities of this nature.

The Commission is required to make its final report to the President for transmittal to Congress not later than March 1, 1954, with recommendations for legislative action. Interim reports may be made from time to time to the President as he may request or as the Commission deems appropriate (sec. 3). The Commission would cease to exist 6 months after the transmittal of the final report to the Congress (sec. 6).

OTHER PROVISIONS OF H. R. 4406

Membership of Commission

The Commission would have 25 members. The President of the United States would appoint 15 of them, from among whom he would also designate the Chairman and Vice Chairman; 5 would be appointed by the President of the Senate, 3 from the majority party, and 2 from the minority party; 5 would be appointed by the Speaker of the House of Representatives, 3 from the majority party, and 2 from the minority party. A vacancy in the Commission would not affect its powers and would be filled in the same manner as originally made. Thirteen members would constitute a quorum but a lesser number could conduct hearings.

Members of the Commission or individuals employed by the Commission as an attorney or expert in any business or professional field, part or full time, with or without compensation, would not be considered as being subject to the conflict-of-interest statutes, sections 281, 283, 284, 434, or 1914 of title 18 of the United States Code, or section 190 of the Revised Statutes (5 U. S. C. 99) (sec. 2).

Hearings and obtaining information

The Commission, or any subcommittee or member thereof, if authorized by the Commission, may hold hearings and sit and act at such times and places, administer such oaths, and require, by subpoena or otherwise, the attendance and testimony of such witnesses and the production of such books, records, correspondence, memoranda, papers, and documents, as the Commission or such subcommittee or member may deem advisable. Subpenas may be issued under the signature of the Chairman or any member of the Commission designated by him, and may be served by any person designated by such Chairman or member. The Commission is authorized to secure from any department, agency, or independent instrumentality of the executive branch of the Government any information it deems necessary to carry out its functions; and each such department, agency, and instrumentality is authorized and directed to furnish such information to the Commission, upon request of the Chairman or by the Vice Chairman when acting as Chairman (sec. 4).

Appropriations, expenses, and personnel

Such amounts are authorized to be appropriated as are necessary; each member of the Commission would receive \$50 per diem when engaged in performing duties vested in the Commission, but no compensation would be paid by the United States to any member, for services as a member, who receives other compensation from the Federal Government or from any State or local government. Each member of the Commission would be reimbursed for travel, subsistence, and other necessary expenses incurred by him in the performance of duties of the Commission.

The Commission may procure, without regard to the civil-service and classification laws, temporary and intermittent services to the same extent authorized by section 15 of the act of August 2, 1946 (60 Stat. 810). Such act provides that such services may be procured by contract and, except in the case of stenographic reporting services, without regard to section 3709, Revised Statutes, which requires competitive bidding, but at rates not to exceed \$50 per diem for individuals. The Commission may also appoint and fix the compensation of a Director, without regard to the civil-service and classification laws, to perform such duties as the Commission may prescribe (sec. 5).

LEGISLATIVE HISTORY

The Hoover Commission submitted its report and recommendations in 1949 for a study of the various aspects of Federal-State-local relations. During the past 4 years a number of bills have been considered by this committee.

Joint hearings were held May 9-13, 1949, before the Subcommittees on Intergovernmental Relations, Senate of the United States and House of Representatives, 81st Congress, on Senate Joint Resolution 41; S. 767 and 810; H. R. 2389, 3184, 3944, and 4507. Subsequent to the joint hearings a number of new bills were introduced in the Senate. S. 3147 was introduced on February 28, 1950, and reported to the Senate June 22, 1950, with a favorable recommendation but when called before the Senate on September 13 and December 15, 1950, it was objected to on each occasion and did not pass.

In the 82d Congress the following bills were introduced in the House:

H. R. 13, introduced by Mr. Boggs of Delaware January 3, 1951.

H. R. 41, introduced by Mr. Coudert January 3, 1951.

H. R. 391, introduced by Mr. Secrest January 3, 1951.

H. R. 3303, introduced by Mr. Hoffman of Michigan March 19, 1951.

H. R. 3683, introduced by Mr. Dawson of Illinois April 12, 1951.

H. R. 5251, introduced by Mr. Ostertag August 20, 1951.

H. R. 7130, introduced by Mr. Rains March 19, 1952.

The House Subcommittee on Intergovernmental Relations, 82d Congress, 2d session, held hearings on March 12, 1952, on H. R. 3683, 5251, 3303, 391, and 13. No further action was taken by the House committee during the 82d Congress. S. 1146 passed the Senate on July 23, 1951, and was referred to the House but subsequently, July 24, 1951, recalled and placed on the Motions for Reconsideration Calendar. No further action was taken in the 82d Congress.

During the 83d Congress there have been introduced in the House and referred to this committee the following bills:

H. R. 121, Mr. Coudert, introduced January 3, 1953.

H. R. 302, Mr. Hoffman of Michigan, introduced January 3, 1953.

H. R. 1300, Mr. Ostertag, introduced January 7, 1953.

H. R. 1606, Mr. Rains, introduced January 13, 1953.

H. R. 1838, Mr. Ostertag, introduced January 16, 1953.

H. R. 3183, Mr. Mills, introduced February 18, 1953.

H. R. 3603, Mr. Donohue, introduced March 2, 1953.

H. R. 4406, Mr. Halleck, introduced April 1, 1953.

H. R. 4848, Mr. Harvey, introduced April 24, 1953.

H. R. 4851, Mr. Rains, introduced April 24, 1953.

The comparative analysis printed in the hearings held by this committee on H. R. 4406, May 12 to 14, 1953, shows in detail the distinguishing features of the various bills, as originally introduced. These distinctions are concerned primarily with the composition of the proposed Commission and the scope of its duties.

The President of the United States, in his state of the Union message, on February 2, 1953, indicated he would shortly make specific recommendations to the Congress for establishing a commission to study the proper relationship among Federal, State, and local programs. On March 30, 1953, he submitted such recommendations (H. Doc. 114, 83d Cong.) as follows:

THE WHITE HOUSE, March 30, 1953.

To the Congress of the United States:

In the state of the Union message, I expressed my deep concern for the well-being of all of our citizens and the attainment of equality of opportunity for all. I further stated that our social rights are a most important part of our heritage and must be guarded and defended with all of our strength. I firmly believe that the primary way of accomplishing this is to recommend the creation of a commission to study the means of achieving a sounder relationship between Federal, State, and local governments.

The way has now been prepared for appropriate action. Shortly after stating my original intention, I called an exploratory meeting of interested officials, including members of Congress and a group of governors representing the Council of State Governments to confer with me on such a study. This conference produced general agreement on the importance of the problem and an offer of cooperation in the proposed study. Within a few days representatives of several leading organizations of local governmental officials will meet at the White House with several of my associates to give their considered and needed counsel.

The present division of activities between Federal and State governments, including their local subdivisions, is the product of more than a century and a half of piecemeal and often haphazard growth. This growth in recent decades has proceeded at a speed defying order and efficiency. One program after another has been launched to meet emergencies and expanding public needs. Time has rarely been taken for thoughtful attention to the effects of these actions on the basic structure of our Federal-State system of government.

Now there is need to review and assess, with prudence and foresight, the proper roles of the Federal, State, and local governments. In many cases, especially within the past 20 years, the Federal Government has entered fields which, under our Constitution, are the primary responsibilities of State and local governments. This has tended to blur the responsibilities of local government. It has led to duplication and waste. It is time to relieve the people of the need to pay taxes on taxes.

A major mark of this development has been the multiplication of Federal grants-in-aid for specific types of activities. There are now more than 30 such grant programs. In the aggregate, they involve Federal expenditures of well over \$2 billion a year. They make up approximately one-fifth of State revenues.

While by far the greater part of these expenditures are in the fields of social security, health, and education, they also spread into many other areas. In some cases, the Federal Government apportions fixed amounts among the States; in others, it matches State expenditures; and in a few, it finances the entire State expenditure. The impact of all these grants on State governments has been profound. While they have greatly stimulated the development of certain State activities, they have complicated State finances and administration; and they have often made it difficult for States to provide the funds for other important services.

The maintenance of strong, well-ordered State and local governments is essential to our Federal system of government. Lines of authority must be clean and clear, the right areas of action for Federal and State government plainly defined. This is imperative for the efficient administration of governmental programs in the fields of health, education, social security, and other grant-in-aid areas.

The manner in which best to accomplish these objectives, and to eliminate friction, duplication, and waste from Federal-State relations, is therefore a major national problem. To reallocate certain of these activities between Federal and State governments, including their local subdivisions, is in no sense to lessen our concern for the objectives of these programs. On the contrary, these programs can be made more effective instruments serving the security and welfare of our citizens.

To achieve these purposes, I recommend the enactment of legislation to establish a Commission on Governmental Functions and Fiscal Resources to make a thorough study of grants-in-aid activities and the problems of finance and Federal-State relations which attend them. The Commission should study and investigate all the activities in which Federal aid is extended to State and local governments, whether there is justification for Federal aid in all these fields, whether there is need for such aid in other fields. The whole question of Federal control of activities to which the Federal Government contributes must be thoroughly examined.

The matter of the adequacy of fiscal resources available to the various levels of Government to discharge their proper functions must be carefully explored.

The Commission should be of such size and composition as to permit appropriate representation of the various governmental levels and of outstanding members of the general public. It should be provided with an excellent staff, able to draw on the great amount of work which has already been done in this field.

In order that the Commission may complete its report in time for consideration by the next session of the Congress, I urge prompt action on this matter.

DWIGHT D. EISENHOWER.

It will be noted that the President urged prompt action in order that the Commission could complete its report in time for consideration by the next session of the Congress.

HEARINGS

Hearings on the Halleck bill, H. R. 4406, and nine related bills were held before the Subcommittee on Intergovernmental Relations on May 12-14, 1953. Congressman Halleck testified in support of his bill, H. R. 4406, which is a companion bill to S. 1514, passed by the Senate May 6, 1953. Senator Robert C. Hendrickson testified as to the efforts he had made for several years to obtain similar legislation to that being considered by the committee and gave his support to legislation that would represent the principles incorporated in S. 1514. Representative Ralph Harvey testified in support of his bill, H. R. 4848, and gave the committee the benefit of his experience in which he served the Henry County Council on Intergovernmental Relations, which made a survey in his State of Indiana along the lines of the bills being considered.

Others appearing before the committee in support of the legislation and to offer suggestions were: George H. Deming, Director of Technical Assistance, American Municipal Association; Francis V. Keesling, Jr., representing the mayor of San Francisco, Calif.; A. D. Marshall, chairman, social legislation committee, board of directors of the Chamber of Commerce of the United States; Verbon Kemp, executive director, Virginia State Chamber of Commerce; O. K. Armstrong, former Member of Congress; Keith L. Seegmiller, executive secretary of the National Association of County Officials. In addition, many letters and statements were received and are included in the printed hearings, including one from former President Hoover, who drew on his experience as Chairman of the Commission on Organization of the Executive Branch of the Government to make valuable suggestions for improvement of the bill. Without exception, all individuals and organizations have supported the establishment of a Commission to Study Intergovernmental Relations.

SUBCOMMITTEE ACTION

After the extensive hearings and consideration of statements and letters received with respect to H. R. 4406 and related bills, the subcommittee, in executive session on May 22, 1953, accepted the amendments made by the Senate in S. 1514, the companion bill to H. R. 4406. The first of these, which changes the name of the Commission to the Commission on Intergovernmental Relations, is designed to more accurately reflect the duties and functions of the Commission.

The other amendments made by the Senate are in section 3. The general criticism of this section in the bills, as introduced, was that it was too narrow in the scope of the study and investigations to be performed by the Commission, it being construed that the language used would hold the activities of the Commission almost exclusively to the field of Federal aid to the States and their political subdivisions. To clarify the duties of the Commission and make certain that all fields of Federal-State relations, as expressed in section 1 of the bill were adequately covered in the duties of the Commission, a new subsection (a) was inserted providing for the Commission to carry out the broad purposes of section 1. There was also inserted in section 3 in connection with the duty of the Commission to study and investigate all of the present activities in which Federal aid is extended to State and local governments the requirement that such study would include the interrelationships of the financing of this aid, the sources of the financing of governmental programs, and problems in the field of intergovernmental tax immunities. The last-named requirement, "problems in the field of intergovernmental tax immunities," was eliminated by amendment on the floor of the Senate. This subcommittee accepted this amendment also.

In addition to these amendments to the original bill in the Senate, the subcommittee adopted the following amendments to H. R. 4406:

Section 4 (a): Testimony of a number of witnesses disclosed that conditions might arise where the Commission would need subpoena power in order to facilitate its duties. On account of the cooperative nature of the Commission's work it was not contemplated that the subpoena power would often be needed or used to compel the giving of testimony, or produce records, etc., but might be needed to give witnesses legal authority for travel, production of records, or for other reasons.

Section 5 (d): To make certain that the authority of the Commission is adequate for obtaining qualified personnel promptly this section was amended to provide that personnel may be appointed without regard to civil-service laws and the classification laws. This will permit greater flexibility in employment which may be needed when regular civil-service employees are not available by transfer or assignment from other Government agencies or from civil-service registers. Former President Hoover informed the committee that the Commission on Organization of the Executive Branch of 1947 found it desirable to have the power to choose its staff without regard to the civil-service laws. As the Commission on Intergovernmental Relations is temporary in character and has a tremendous job to do in a short period of time, the subcommittee decided this could and should be provided for without harm to the merit system.

CONCLUSIONS

H. R. 4406, as amended, will establish a Commission on Intergovernmental Relations that will have adequately stated purposes and authority to make a thorough study and recommendations to the Congress in the many fields of Federal-State-local relations. The elimination in the Senate from section 3 (b) of the specific duty of the Commission to study the "problems in the field of intergovernmental tax immunities" caused some concern on the part of witnesses as to whether this might be construed as eliminating from consideration by the Commission all tax and other problems between the Federal and State governments other than those pertaining to Federal aid. Representatives of municipalities, counties, and State governments have been vitally concerned for years with tax problems in which there is involved duplicate taxation and loss of taxes by local governments on property acquired by the Federal Government.

It is not the intention that the elimination of the particular phraseology referred to above shall have the effect of curtailing the activities of the Commission in the general field of Federal-State-local tax relations. The elimination of such phraseology and inclusion of section 3 (a), bringing the declaration of policy expressed in section 1 within the positive duties of the Commission, broaden the scope of its duties and provide for a complete study of all phases of intergovernmental relations, as recommended by the Hoover Commission. Neither should the fact that the Commission will have the authority to make such comprehensive studies deter or delay the Congress from currently developing and enacting legislation designed to solve segments of the tax or other problems involved.

A Commission of 25 members is provided for. It is recognized that this is a large body but the size was dictated by the very great need to provide for representation from vitally concerned governments and organizations. It is intended that the best qualified individuals obtainable will be appointed and that there will not be omitted from the membership adequate representation of the most vitally concerned, the taxpayer.



Union Calendar No. 172

83D CONGRESS
1ST SESSION

H. R. 4406

[Report No. 504]

IN THE HOUSE OF REPRESENTATIVES

APRIL 1, 1953

Mr. HALLECK introduced the following bill; which was referred to the Committee on Government Operations

JUNE 3, 1953

Reported with amendments, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Omit the part struck through and insert the part printed in italic]

A BILL

To establish a Commission on Governmental Functions and Fiscal Resources.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That—

4 DECLARATION OF PURPOSE

5 SECTION 1. Because *any* existing confusion and wasteful
6 duplication of functions and administration pose a threat to
7 the objectives of programs of the Federal Government shared
8 in by the States, including their political subdivisions, be-
9 cause the activity of the Federal Government has been ex-

1 tended into many fields which, under our constitutional
 2 system, ~~are~~ *may be* the primary interest and obligation of the
 3 several States and the subdivisions thereof, and because of the
 4 resulting complexity ~~of~~ *to* intergovernmental relations, it is
 5 necessary to study the proper role of the Federal Government
 6 in relation to the States and their political subdivisions, with
 7 respect to such fields, to the end that these relations may
 8 be clearly defined and the functions concerned may be al-
 9 located to their proper jurisdiction. It is further necessary
 10 that intergovernmental fiscal relations be so adjusted that
 11 each level of government discharges the functions which
 12 belong within its jurisdiction in a sound and effective manner.

13 COMMISSION ON GOVERNMENTAL FUNCTIONS AND FISCAL
 14 RESOURCES INTERGOVERNMENTAL RELATIONS

15 SEC. 2. (a) For the purpose of carrying out this Act
 16 there is hereby established a commission to be known as
 17 the Commission on ~~Governmental Functions and Fiscal~~
 18 ~~Resources~~ *Intergovernmental Relations*, hereinafter referred
 19 to as the "Commission".

20 (b) The Commission shall be composed of twenty-five
 21 members, as follows:

22 (1) Fifteen members appointed by the President of
 23 the United States, from among whom the President shall
 24 designate the Chairman and the Vice Chairman of the
 25 Commission;

(2) Five members appointed by the President of the Senate, three from the majority party, and two from the minority party; and

(3) Five members appointed by the Speaker of the House of Representatives, three from the majority party, and two from the minority party.

(c) Any vacancy in the Commission shall not affect its powers, but shall be filled in the same manner in which the original appointment was made.

(d) Thirteen members of the Commission shall constitute a quorum, but a lesser number may conduct hearings.

(e) Service of an individual as a member of the Commission or employment of an individual by the Commission as an attorney or expert in any business or professional field, on a part-time or full-time basis, with or without compensation, shall not be considered as service or employment bringing such individual within the provisions of sections 281, 283, 284, 434, or 1914 of title 18 of the United States Code, or section 190 of the Revised Statutes (5 U. S. C. 99).

DUTIES OF THE COMMISSION

SEC. 3. (a) The Commission shall carry out the purposes of section 1 hereof.

~~SEC. 3. (a)~~ (b) The Commission shall study and investigate all of the present activities in which Federal aid is

1 extended to State and local governments, *the interrelation-*
 2 *ships of the financing of this aid, and the sources of the financ-*
 3 *ing of governmental programs.* The Commission shall deter-
 4 mine and report whether there is justification for Federal aid
 5 in the various fields in which Federal aid is extended;
 6 whether there are other fields in which Federal aid should
 7 be extended; whether Federal control with respect to these
 8 activities should be limited, and, if so, to what extent;
 9 whether Federal aid should be limited to cases of need; and
 10 all other matters incident to such Federal aid, including the
 11 ability of the Federal Government and the States to finance
 12 activities of this nature.

13 ~~(b)~~ (c) The Commission, not later than March 1, 1954,
 14 shall submit to the President for transmittal to the Congress
 15 its final report, including recommendations for legislative
 16 action; and the Commission may also from time to time make
 17 to the President such earlier reports as the President may
 18 request or as the Commission deems appropriate.

19 HEARINGS; OBTAINING INFORMATION

20 SEC. 4. (a) The Commission or, on the authorization
 21 of the Commission, any subcommittee or member thereof,
 22 may, for the purpose of carrying out the provisions of this
 23 Act, hold such hearings and sit and act at such times and
 24 places, and take such testimony, as the Commission or such
 25 subcommittee or member may deem advisable administer

1 *such oaths, and require, by subpoena or otherwise, the attend-*
2 *ance and testimony of such witnesses and the production of*
3 *such books, records, correspondence, memoranda, papers, and*
4 *documents, as the Commission or such subcommittee or mem-*
5 *ber may deem advisable. Subpenas may be issued under the*
6 *signature of the Chairman of the Commission, of such sub-*
7 *committee, or any duly designated member, and may be served*
8 *by any person designated by such Chairman or member.*
9 *The provisions of sections 102 to 104, inclusive, of the Re-*
10 *vised Statutes (U. S. C., title 2, secs. 192-194), shall apply*
11 *in the case of any failure of any witness to comply with any*
12 *subpena or to testify when summoned under authority of this*
13 *section.*

14 (b) The Commission is authorized to secure from any
15 department, agency, or independent instrumentality of the
16 executive branch of the Government any information it
17 deems necessary to carry out its functions under this Act;
18 and each such department, agency, and instrumentality is
19 authorized and directed to furnish such information to the
20 Commission, upon request made by the Chairman or by the
21 Vice Chairman when acting as Chairman.

22 APPROPRIATIONS, EXPENSES, AND PERSONNEL

23 SEC. 5. (a) There are hereby authorized to be appro-
24 priated such amounts as may be necessary to carry out the
25 provisions of this Act.

1 (b) Each member of the Commission shall receive \$50
2 per diem when engaged in the performance of duties vested
3 in the Commission, except that no compensation shall be
4 paid by the United States, by reason of service as a member,
5 to any member who is receiving other compensation from the
6 Federal Government, or to any member who is receiving
7 compensation from any State or local government.

8 (c) Each member of the Commission shall be reimbursed
9 for travel, subsistence, and other necessary expenses incurred
10 by him in the performance of duties vested in the Com-
11 mission.

12 (d) The Commission may appoint and fix the compen-
13 sation of such employees as it deems advisable ~~in accordance~~
14 ~~with the provisions of the civil-service laws and the classifica-~~
15 ~~tion laws~~ *without regard to the provisions of the civil-service*
16 *laws and the Classification Act of 1949, as amended.*

17 (e) The Commission may procure, without regard to
18 the civil-service laws and the classification laws, temporary
19 and intermittent services to the same extent as is authorized
20 for the departments by section 15 of the Act of August 2,
21 1946 (60 Stat. 810), but at rates not to exceed \$50 per
22 diem for individuals.

23 (f) Without regard to the civil-service and classifica-
24 tion laws, the Commission may appoint and fix the compen-

1 sation of a Director who shall perform such duties as the
2 Commission shall prescribe.

3 TERMINATION OF THE COMMISSION

4 SEC. 6. Six months after the transmittal to the Congress
5 of the final report provided for in section 3 of this Act, the
6 Commission shall cease to exist.

 Amend title so as to read: "A bill to establish a Commission on Intergovernmental Relations".

83d CONGRESS
1ST SESSION

H. R. 4406

[Report No. 504]

A BILL

To establish a Commission on Governmental
Functions and Fiscal Resources.

By Mr. HALLECK

APRIL 1, 1953

Referred to the Committee on Government Operations

JUNE 3, 1953

Reported with amendments, committed to the Com-
mittee of the Whole House on the State of the
Union, and ordered to be printed

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued
For actions of

June 5, 1953
June 4, 1953
83rd-1st, No. 102

CONTENTS

Adjournment.....22	Foreign aid.....13	Report.....7
Animal diseases.....30	Hawaii statehood.....8	Research.....15
Appropriations.....9,12	Highways.....12	Retirement.....19
Blackberry jam.....11	Holidays.....6	Rubber.....28
Conservation.....25	Housing.....18	School-lunch program.....9
Economic controls.....2	Interest rates.....18	Small business.....4,23
Disbursing.....3	Lands, grazing.....27	Surplus commodities.....29
Electrification.....10	Legislative program.....22	Taxation.....24
Expenditures.....21	Organization.....1	Trade, foreign.....10,26
Export control.....16	Personnel.....19,21,32	Treaties.....20
Farm credit.....7	Prices, parity.....31	Wheat.....13,14
Flood control.....17	Reorganization.....5	

HIGHLIGHTS: Senate passed State, Justice, Commerce appropriation bill. Sen. Humphrey urged support for his bill to ship surplus wheat to Pakistan. Sen. Schoepel criticized F & DA's wheat cleanup program. Sen. Humphrey criticized reduction in USDA research funds. House passed bills establishing commissions on intergovernmental relations and organization. House committee ordered reported economic controls bill. Sen. Young introduced and discussed bill authorizing barter of surplus commodities for foreign military supplies. Sen. Aiken introduced bill for control of scrapie and blue tongue in sheep. Sen. Williams introduced and discussed bill limiting 90% parity support to 1953 crops.

HOUSE

- 1. ORGANIZATION.** Passed S. 1514, to establish a Commission on Intergovernmental Relations, with an amendment substituting the provisions of H.R. 4406, which had previously been passed with amendments (pp. 6290-308).
Passed S. 106, to establish a Commission on Organization of the Executive Branch, with an amendment substituting the provisions of H.R. 992, which had previously been passed as reported (pp. 6309-12).
- 2. ECONOMIC CONTROLS.** The Banking and Currency Committee ordered reported (but did not actually report) S. 1081, providing for temporary economic controls, with an amendment in the form of a substitute which "eliminates the wage, price and services freeze provisions, as well as all credit control provisions passed by the Senate; approved section 104 (fats and oils control provisions) as contained in the 1952 act; extends for 1 year instead of 2" (p. D512).
- 3. DISBURSING.** Passed without amendment S. 1307, amending the act of Dec. 23, 1944, authorizing certain transactions by disbursing officers (pp. 6308-09). This bill will now be sent to the President.
- 4. SMALL BUSINESS.** Adopted a resolution for the consideration of H.R. 5141, to create a Small Business Administration, but deferred consideration of the bill until today, June 5 (pp. 6312-13).

5. REORGANIZATION. Rep. Fountain was permitted to make certain corrections in the record of June 3 on the debate on Reorganization Plan No. 2 for this Department (pp. 6287-88).
6. HOLIDAYS. Rep. Hand spoke in favor of H. Con. Res. 14, to bring about observance of holidays on the Monday nearest to the day on which each such holiday occurs, and inserted a Philadelphia Bulletin article on this subject (p. 6308).
7. FARM CREDIT. Both Houses received the FCA audit report for the fiscal year 1954 (H. Doc. 165) (pp. 6232, 6324).
8. HAWAII. Received an Hawaii Legislature resolution favoring S. 49, Hawaii Statehood bill (p. 6325).
9. SCHOOL LUNCH. Received a Massachusetts Legislature memorial in opposition to a reduction of the national school lunch program appropriation (p. 6325).
10. FOREIGN TRADE; ELECTRIFICATION. Rep. Smith (Miss.) spoke on the costs to the American taxpayers of the Buy-American Act, using the Chief Joseph Dam case as an example (p. 6289).
11. BLACKBERRY JAM. Rep. Angell inserted an article on the development of wild-cross blackberry jam in Willamette Valley, Oregon (p. 6287).

SENATE

12. APPROPRIATIONS. Passed with amendments H. R. 4974, the State, Justice, Commerce appropriation bill for 1954 (pp. 6254-69, 6271-80). Rejected a Douglas amendment barring funds to any State for Federal-aid highways which submits program therefor in excess of 95% of amounts apportioned to that State for the fiscal year 1955 (pp. 6276-80). Sens. Bridges, Saltonstall, Ferguson, Smith (N. J.), McCarran, Ellender, and Hill were appointed conferees (p. 6280).
13. FOREIGN AID. Sen. Humphrey urged support for his bill, S. 1782, to ship surplus wheat and other commodities to Pakistan, saying, "the administration would do well to offer its support, and not to insist upon having a special Republican bill introduced" (p. 6248).
Sen. Wiley inserted a National Council of the Churches of Christ in the U.S.A. resolution favoring shipment of surplus wheat to Pakistan (p. 6233).
Sen. Humphrey inserted a summary of the American Farm Bureau Federation's recommendations on foreign aid legislation (pp. 6283-4).
14. WHEAT INFESTATION. Sen. Schoeppel criticized the "announced purpose" of the Food and Drug Admin. to divert all insect-infested wheat to animal feed, and claimed the Food, Drug, and Cosmetic Act is so severe in its application as to prevent legal wheat shipments "out of the borders of my State" (pp. 6281-2).
15. RESEARCH FUNDS. Sen. Humphrey criticized the administration's cut in agriculture research funds, and inserted a New York Times article discussing President Eisenhower's recent visit to the Beltsville Research Center (pp. 6284-5).
16. EXPORT CONTROL. Agreed to the House amendment to S. 1739, providing for continuation of authority for regulating exports (p. 6253). This bill will now be sent to the President.

him correct it, because I have the greatest admiration for him. I do not want to misquote him or make an inaccurate statement. I do not know what the gentleman was talking about.

SPECIAL ORDER GRANTED

Mr. DAVIS of Georgia asked and was given permission to address the House for 20 minutes today, following the legislative business of the day and any special orders heretofore entered.

COSTS TO AMERICAN TAXPAYERS OF BUY-AMERICAN POLICY

(Mr. SMITH of Mississippi asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SMITH of Mississippi. Mr. Speaker, the competition between domestic and foreign firms on rebids to supply the Chief Joseph Dam with generators reveals in no uncertain terms the cost to the American taxpayer over the last 20 years of the Buy American Act.

In its original bid December 3, 1952, Westinghouse Corp., the lowest domestic bidder, submitted a figure of \$4,966,363 as opposed to English Electric's low bid of \$4,406,493. The Defense Department called for rebids because of "variances in specifications." On the second round, after getting a good look at the competition, Westinghouse slashed its original price by \$666,541, and is the apparent low bidder with \$4,299,822. This very substantial cut of 14 percent is a fair measure of the subsidy that we, as taxpayers, have been granting domestic manufacturers under the Buy American Act.

There was comparatively little change in the rebids to supply transformers for Chief Joseph, with English Electric still the low bidder. If however, the Defense Department decides under the provisions of the Buy American Act to accept the bid of Maloney Electric Co., the lowest American bidder, it will have to pay more than 25 percent in excess of the low bid.

There is no question of quality having been reduced to permit a reduction in price on the rebids for generators. Because of the Defense Department's rejection of all original bids, the bidders obviously were more careful this time to meet specifications rigidly.

While the Buy American Act has been protecting the excessive profits of domestic manufacturers by imposing a superduty on top of the regular duty, it has deprived the consumer, that is the taxpayer, of the traditional benefits of competition that have made our economy strong. At a time when we seek economy in Government and the control of inflation, the Buy American Act is a luxury we cannot afford.

BROOKLYN SUNDAY SCHOOL UNION

(Mr. KEOGH (at the request of Mr. ROBERTS) was given permission to extend his remarks at this point in the Record.)

Mr. KEOGH. Mr. Speaker, today marks the 124th anniversary of the founding of the Brooklyn Sunday School Union and is the occasion for a display of faith by the members of all Protestant sects in Brooklyn which should be an inspiration to people all over the world. The day is marked by the closing of the public schools in Brooklyn and the event is most unique and without a counterpart anywhere in the world. Men, women, and children will proudly march in a parade marked by beautiful floats and banners with messages of good will. Thousands of children dressed in their Sunday best on a holiday of holiness and serious-minded men and women all in the line of march in a public display of their allegiance to God. The parade is reviewed by men and women prominent in local and national affairs. It is an inspiring sight and a powerful force for good. Surely America and democracy will continue to flourish as long as such events occur.

VETERANS' ADMINISTRATION APPROPRIATION

(Mrs. ROGERS of Massachusetts asked and was given permission to address the House for 1 minute.)

Mrs. ROGERS of Massachusetts. Mr. Speaker, I rise to ask a question of the Speaker. I do not know whether it is a parliamentary inquiry, but I would like to ask if the gentleman from California [Mr. PHILLIPS] is going to make a 1-hour statement this afternoon particularly in regard to the so-called proposed cuts in veterans' hospitals. It is vital to all Members to know what is going to happen to the Veterans' Administration appropriation regarding hospitals, and everything else as a matter of fact. The cuts are very drastic.

Can the Speaker tell me if the gentleman is going to speak an hour on that subject this afternoon? I make that as a parliamentary inquiry.

The SPEAKER. The gentlewoman will state the parliamentary inquiry.

Mrs. ROGERS of Massachusetts. Can the Speaker tell me if the gentleman from California [Mr. PHILLIPS] will make a 1-hour speech this afternoon regarding increases for veterans' hospitals? According to the press this morning it is stated that the gentleman from California [Mr. PHILLIPS] would talk for an hour.

The SPEAKER. The Chair has no knowledge of what the gentleman from California is going to speak about. He has 1 hour to address the House. The Chair knows nothing about the newspaper comments.

Mrs. ROGERS of Massachusetts. But the Speaker perhaps would assume it.

The SPEAKER. The time of the gentlewoman has expired.

REPAIR AND REHABILITATION OF PUBLIC AIRPORTS DAMAGED BY THE ARMED SERVICES

Mr. WOLVERTON. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (S. 35) to provide

for the repair and rehabilitation of public airports damaged by the armed services during the present national emergency, to extend beyond June 30, 1953, the availability of previous appropriations for payment of claims under section 17 of the Federal Airport Act, and for other purposes, with amendments by the House, insist on the House amendments and agree to the conference requested by the Senate.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey? [After a pause.] The Chair hears none, and appoints the following conferees: Mr. WOLVERTON, Mr. HINSHAW, Mr. O'HARA of Minnesota, Mr. PRIEST, and Mr. HARRIS.

OFFICIAL UNITED STATES MAPS

Mr. LECOMPTE. Mr. Speaker, by direction of the Committee on House Administration, I call up the resolution (H. Con. Res. 30) authorizing the printing of United States wall maps for the use of the Senate and the House of Representatives, and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved by the Senate (the House of Representatives concurring), That there be printed 30,015 copies of the official United States wall map, published by the Bureau of Land Management, Department of the Interior, size 5 feet by 7 feet, of which 99 copies, mounted and backed, and 7,425 copies, not mounted or backed, shall be for the use of the Senate; and 441 copies, mounted and backed, and 22,050 not mounted or backed, shall be for the use of the House of Representatives.

The resolution was agreed to, and a motion to reconsider was laid on the table.

JOSEPH W. LITTLE

Mr. LECOMPTE. Mr. Speaker, by direction of the Committee on House Administration, I call up the resolution (H. Res. 253) for the relief of Mrs. Fay Little Boykin, daughter of Joseph W. Little, and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That there shall be paid out of the contingent fund of the House of Representatives to Mrs. Fay Little Boykin, daughter of Joseph H. Little, late an employee of the House of Representatives, an amount equal to 6 months' salary at the rate he was receiving at the time of his death and an additional amount not to exceed \$350 toward defraying the funeral expenses of the said Joseph H. Little.

With the following committee amendments:

Page 1, line 3, strike out "Joseph H. Little" and insert "Joseph W. Little."

Page 1, line 8, strike out "Joseph H. Little" and insert "Joseph W. Little."

The committee amendments were agreed to.

The resolution was agreed to, and a motion to reconsider was laid on the table.

ESTABLISHING A COMMISSION ON INTERGOVERNMENTAL RELATIONS

Mr. REECE of Tennessee. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 266.

The Clerk read as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 4406) to establish a Commission on Governmental Functions and Fiscal Resources. After general debate, which shall be confined to the bill, and shall continue not to exceed 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Government Operations, the bill shall be read for amendment under the 5-minute rule. As the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

The SPEAKER. The gentleman from Tennessee is recognized for 1 hour.

Mr. REECE of Tennessee. Mr. Speaker, I yield 30 minutes to the gentleman from Virginia [Mr. SMITH], and yield myself such time as I may use.

The SPEAKER. The gentleman from Tennessee is recognized.

Mr. REECE of Tennessee. Mr. Speaker, H. R. 4406 is based upon the request of the President in a state of the Union message—and more specifically requested in a special message to Congress on March 30, 1953—for legislation to provide for the creation of a commission to study and report on resolutions, solutions to many problems involving Federal relations with State and local governments, and the overlapping of jurisdictions and programs particularly in the fields of taxation and grants-in-aid.

Mr. Speaker, I have no requests for time on this side. I ask the gentleman from Virginia [Mr. SMITH] if he has any requests for time.

Mr. SMITH of Virginia. I have no requests for time. If the gentleman wishes to move the previous question I have no objection.

Mr. REECE of Tennessee. Mr. Speaker, I move the previous question.

The previous question was ordered.

The resolution was agreed to.

COMMITTEE ON THE DISTRICT OF COLUMBIA

Mr. SIMPSON of Illinois. Mr. Speaker, I ask unanimous consent that the Committee on the District of Columbia may have until midnight tonight to file a report.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

CALL OF THE HOUSE

Mr. HOFFMAN of Michigan. Mr. Speaker, I make the point of order that a quorum is not present.

Mr. HALLECK. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 50]

Allen, Calif.	Hart	Rains
Bailey	Heller	Regan
Barden	Herlong	Richards
Bolton,	Hollifield	Scott
Oliver P.	Jarman	Shafer
Brooks, La.	Jones, Mo.	Shelley
Burleson	Judd	Short
Bush	Kee	Shuford
Campbell	Kersten, Wis.	Sikes
Carlyle	Kilday	Small
Cederberg	Lovre	Sullivan
Chatham	Lucas	Teague
Chelf	Lyle	Thompson, La.
Chudoff	McCarthy	Tollefson
Clardy	McMillan	Tuck
Coudert	Martin, Iowa	Vinson
Dawson, Ill.	Mason	Vorys
Dempsey	Miller, N. Y.	Vursell
Dingell	Morrison	Wainwright
Durham	Mumma	Wampler
Fogarty	Nelson	Westland
Frelinghuysen	Passman	Wilson, Ind.
Gamble	Pelly	Yates
Gubser	Phillips	Zablocki
Gwinn	Page	
Haley	Poulson	

The SPEAKER. Three hundred and fifty-four Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Carrell, one of its clerks, announced that the Senate had passed a joint resolution of the following title, in which the concurrence of the House is requested:

S. J. Res. 80. Joint resolution requesting and authorizing the President of the United States to officially proclaim the week of June 7-14, 1953, as Aid to Korea Week.

The message also announced that the Senate agrees to the amendments of the House to bills of the Senate of the following titles:

S. 117. An act to amend section 7 of the Flood Control Act of 1941 relating to the apportionment of moneys received on account of the leasing of lands acquired by the United States for flood-control purposes; and

S. 1739. An act to provide for continuation of authority for regulation of exports, and for other purposes.

The message also announced that the Senate had ordered that the Senator from Rhode Island, Mr. PASTORE, be appointed a member of the Joint Committee on Atomic Energy, vice the Senator from Texas, Mr. JOHNSON, resigned.

The message also announced that the Senate rescinded its action agreeing to House amendments to the bill (S. 1550) entitled "An act to authorize the President to prescribe the occasions upon which the uniform of any of the Armed Forces may be worn by persons honorably discharged therefrom."

The message also announced that the Senate disagrees to the amendments of the House to the foregoing bill and requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. SALTONSTALL, Mr. BRIDGES, and Mr. RUSSELL to be the conferees on the part of the Senate.

ESTABLISHING A COMMISSION ON INTERGOVERNMENTAL RELATIONS

Mrs. HARDEN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 4406) to establish a Commission on Governmental Functions and Fiscal Resources.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H. R. 4406, with Mr. REECE of Tennessee in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the rule, the gentlewoman from Indiana will be recognized for 30 minutes, and the gentleman from Massachusetts [Mr. MCCORMACK] for 30 minutes.

Mrs. HARDEN. Mr. Chairman, I yield myself such time as I may need.

The CHAIRMAN. The gentlewoman from Indiana is recognized.

(Mrs. HARDEN asked and was given permission to revise and extend her remarks.)

Mrs. HARDEN. Mr. Chairman, I am very pleased to make a brief statement on the merits of H. R. 4406, which has as its purpose the establishment of a Commission on Intergovernmental Relations. I wish to congratulate our distinguished majority leader, my colleague from Indiana [Mr. HALLECK] for his fine bill. I also wish to compliment the distinguished chairman of our full committee [Mr. HOFFMAN of Michigan], who has introduced similar bills during the past several sessions. Many other Members who have introduced like proposals should also be complimented. These include former Member of Congress Mr. Boggs of Delaware, Mr. Coudert, Mr. Secrest, Mr. Dawson, Mr. Ostertag, Mr. Rains, Mr. Mills, Mr. Donohue, and Mr. Harvey.

No informed American will dispute the fact that we must be strong if we are to survive the long and trying struggle in which we are embroiled. We know that the strength of a democracy lies in the united strength of strong components, starting with the individual and including the city, the county, the State, and the Federal Government.

The development of strength stems from the exercise of initiative, freedom of action, and responsibility. It is best developed through self-reliance rather than dependence on others.

There has been a widespread misconception that actions to augment the general welfare necessarily stem from centralized Federal programs. The Federal Government now demands some 70 percent of all tax revenues. Only a few decades ago the States and local governments utilized the 70 percent and only 30 percent of total tax revenues was necessary for the Federal Government.

The widespread Federal programs, using the bulk of the tax money, have made the State and local governments

dependent upon the Federal establishment.

For several years there has been a general nonpartisan move to realine Federal-State relationships. Congress recognized the need in the Legislative Reorganization Act of 1946 when it provided for intergovernmental subcommittees in the Government Operations Committees. The Hoover Commission made specific recommendations on the subject. Numerous other bills have been introduced during the last few years with the same general objective in mind.

The President's splendid message of March 30, 1953, highlighted the need for action.

I wish to make a special point of the fact that there is a great waste when the Federal Government levies taxes on enterprises in the various States, counties, and municipalities, brings the tax money to Washington, so to speak, and then doles part of it back to the same States from whence it came. Undoubtedly more effective use could be made of the money if it were kept at the local level and spent for needs as seen by local officials. Necessary equipment and supplies could be purchased from the local industries, which, of course, must support the Federal Government in Washington.

During the hearings which were held by the Intergovernmental Relations Subcommittee, of which I have the honor to be chairman, we heard representatives from the American Municipal Association, the United States Chamber of Commerce, the Virginia State Chamber of Commerce, the National Association of County Officials, and the National Association of Manufacturers, and a representative of the mayor of San Francisco; also our colleagues, Mr. Halleck, Mr. Harvey, and Mr. Keating; our former colleague, Mr. O. K. Armstrong, and Senator Ferguson and Senator Hendrickson.

It is my opinion there is a genuine need for this Commission. This is a cooperative effort between the Federal Government and the State, county, and municipal governments. All interested segments will be represented on a Commission of 25 members. Each member will represent a genuinely interested constituency concerned with accomplishments. Some witnesses pointed out that it will be much easier to sell the final product if there has been genuine participation in the development of the recommendations by all parties concerned. The way to obtain real cooperation is to have real participation. This is the essence of representative government.

Mr. CONDON. Mr. Chairman, I yield myself such time as I may need.

Mr. Chairman, it is with considerable reluctance and some trepidation that I come before you to oppose a measure which has been introduced by the distinguished majority leader of the House of Representatives, and, of course, which has been so ably presented to you by the distinguished chairman of my subcommittee. However, I think something must be said about the steps that we are starting to take with the passage of this type of legislation.

It seems to me that there is considerable danger in the entire approach to the legislative process of legislating by and through various commissions. At the hearing before our subcommittee, where the measure was originally considered, nearly every one of the members of that committee on both sides, majority as well as minority members, had some doubt as to the wisdom of this course. From the evidence presented and the statements that were made it occurred to me there were only two possible good reasons for the establishment of this Commission on Intergovernmental Relations.

The only reasons that struck me as having any particular merit were, first, that the Congress would be reluctant to appropriate sufficient funds to an appropriate committee or committees of Congress to make the type of study that is contemplated by this bill; and, secondly, it was felt a commission headed by distinguished persons throughout the United States might have more prestige in its findings and recommendations; that there might be more public support behind the findings and recommendations of such commission than there would be behind the findings and recommendations of any legislative committee of the House of Representatives or of the other body.

As to the first reason, that is, that we are more willing to appropriate money to commissions which we cannot control, that, in my opinion, is really not a good reason at all. If a thoroughgoing study of this type is needed and is necessary, it seems to me we have appropriate committees already established in this Congress or if we do not feel that any one committee has complete jurisdiction over the entire subject matter we can establish a special committee to make this investigation and give it the funds that may be necessary to make the type of study that is apparently in the mind of the author.

As to the second reason, that is, the prestige that might be brought to recommendations by having very distinguished Americans serve on that Commission, it seems to me that is a two-edged sword. Some of the recommendations might be such that many of us in good conscience could not approve, but because of the prestige of the committee, because of the publicity that the Commission will receive in the press throughout the country, because of the public backing that it may get, we will find ourselves being subjected to pressures that may not be conducive to a proper consideration of the type of legislation that might come out of that Commission.

In addition, there are certain basic difficulties about the whole commission approach. I know many of the States, my own State of California, the State of New York, and other States, have adopted the philosophy of setting up special commissions to study legislative matters. Inevitably, because of the existence of the commission, there is the tendency not to consider legislation that should be considered and passed by the appropriate legislative committees. There is the tendency also to say, "Let us put it off until we get the report of the com-

mission." There is the tendency also not to tackle the immediate problems that should be the concern of the Congress of the United States. I have a feeling that by the mere establishment of this Commission we are not going to be taking action on things that we should be considering at this and the next session of the Congress. Moreover, I think the Commission's findings, as I have already indicated, carry a disproportionate amount of weight.

Furthermore, where are we to stop? There are many other complicated problems that come before this House of Representatives. We have the problem of foreign trade. Are we to take that away from the appropriate committee of Congress, establish a commission, and go into the ramifications of that field? What other fields of study should we go into besides this one set up by the Intergovernmental Relations Committee we are contemplating establishing?

Mr. HOFFMAN of Michigan. Mr. Chairman, will the gentleman yield?

Mr. CONDON. I yield to the gentleman from Michigan.

Mr. HOFFMAN of Michigan. Does the gentleman agree with me that if this trend continues Congress will not have anything to do except to O. K. the legislation sent down from the Commission and the Executive?

Mr. CONDON. Certainly, I think it is a step in that direction, because we are turning problems over to these private citizens. We know how the commissions operate. They operate through a staff of paid professionals, and the Commissioners are not going to be able to devote much time to the work of the Commission. They are going to hire a professional staff who will do the spadework, get the records, assemble documents, draft reports, and draft proposed legislation. These experts could all be working for the appropriate committees of the Congress who feel this type of study should be made. Inevitably, these commissions tend to perpetuate themselves. The staff is not in civil service, and it naturally will want their jobs to last longer than the contemplated 9 months. This Commission is to report back in March 1954, but I think most of us will be naive if we do not expect to hear from them in 1954 asking for further appropriations and further legislation to continue this study for a longer period of time, because obviously the time is very short.

So, in short and in summary, I do not want to belabor this, because there are other colleagues who desire to speak. But, I think this step is full of danger and full of misgivings, and I intend to vote against the resolution.

Mr. WIER. Mr. Chairman, will the gentleman yield?

Mr. CONDON. I yield to the gentleman from Minnesota.

Mr. WIER. I gather from the gentleman's presentation that this is a full-time commission and that it will be a salaried commission.

Mr. CONDON. No. It is my understanding from the bill itself, that the Commission will not draw anything but their subsistence and per diem when

they are actually in session. There will be a staff, I assume, which is being hired; outside of civil service, incidentally.

Mr. WIER. Has the gentleman any idea what this Commission is going to cost per year?

Mr. CONDON. If anyone has made an estimate, it has not been brought to my attention. I have reviewed the transcript, and I do not know what they anticipate spending. The Hoover Commission, I understand, appropriated \$2 million.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. CONDON. I yield to the gentleman from Iowa.

Mr. GROSS. Is this Commission limited solely to States and their political subdivisions or may it go into grants-in-aid to foreign countries, and so forth?

Mr. CONDON. As I understand, the prime purpose is the relationship between the Federal, local, and State governments. I do not think there is anything in the bill relating to foreign programs.

Mr. GROSS. Is there anything to prohibit them going into grants-in-aid to foreign countries?

Mr. CONDON. I think that question could better be addressed to the author of the bill. I do not believe there is such a prohibition, but certain powers are specifically set forth which do not include foreign programs and by implication the Commission could not consider foreign programs.

Mr. OSTERTAG. Mr. Chairman, if the gentleman will yield, is it not true, in relation to the per diem allowance, that any Federal official, or any State or local official who is compensated by the Government will receive no per diem allowance?

Mr. CONDON. I understand there is a specific limitation that anyone on the Federal or State or local payrolls is not entitled to any per diem allowance.

Mrs. HARDEN. Mr. Chairman, I yield 10 minutes to our distinguished majority leader [Mr. HALLECK].

Mr. HALLECK. Mr. Chairman, my colleagues might be interested in knowing that this is rather a red-letter day for me. I have been in Congress, in the House of Representatives, going on 20 years, and this is the first time that a bill of public concern bearing my name as the author has ever been before the House. I have helped prepare a lot of bills and I have helped put a lot through, but I never was privileged to be the author. I am happy to be the author of this one.

It was introduced in the other body by the senior Senator from Ohio, Mr. TAFT. As a matter of fact, the measure has already passed the other body in substantially this form, I think, by almost a unanimous vote, if not a unanimous vote. As I say, I am happy to be the author of this bill because in my opinion it deals with one of the greatest problems before this Republic. It deals with the matter of the relationship between States and local governments on one side, and the Federal Government on the other. As I contemplate the problems that are involved, I sometimes

think that between the Democrats on that side of the aisle and the Republicans on this side, on occasion it seems as if we have almost fought ourselves into one another's overcoats. It sometimes seems to me that my good friends on the right have been great proponents of greater centralization of power in Washington instead of on the side of the old States rights position that they used to hold, while many on our side who were very much in favor of more power in Washington, perhaps in an earlier day, are now probably more solicitous about the rights of the States and their responsibilities. My interest in this, as I say, has been a long, continuing one which resulted first from my observation here, when I came to the Congress in 1935, when there was a headlong rush of authority and power and of taxing and spending here in Washington, much of which I have no doubt was a matter of necessity because there were great vacuums, and into those vacuums somebody had to move. The Federal Government did move into those vacuums. As long ago as 1947, I joined in a discussion of this very problem in California, I say to my good friend, the gentleman from California, which was held before the California State Bar Association. At that time the people of California were tremendously interested in this problem. The discussion evoked a great deal of interest not only among the lawyers but among the people generally of the State of California and other places. I might say to my friend, the gentleman from Iowa, who raised a question here—I do not see him on the floor at the moment—as recently as a couple of months ago I was in Des Moines, Iowa. I was invited to speak before the State Legislature of Iowa, and I used as my subject this very topic, which is now under consideration. I just want to say there was a tremendous interest there in the very concern which is now being evidenced here.

Many activities, of course, need to be Federal. They must be Federal. But many things can continue to be done better at the local and State level, and that is what we are trying to get at. Why, if you read the labor and Federal security bill, which was before us the other day, you saw there paragraph after paragraph of so-called grants-in-aid. On our side of the aisle, we have had an interest in this matter. We put it in the 1950 declaration of principles and policies that the Republicans got out. We said this:

We favor the establishment of a nonpartisan Commission to study and recommend a sensible redistribution of governmental functions and sources of revenue between the Federal, State, and local entities, to secure the sovereignty of the several States with as much decentralization as is compatible with the national welfare.

And we all subscribe to that. Then it was followed in our 1952 platform in almost those words.

Before some of you say, "Now wait a minute here, Mr. Congressman, you are getting this on a partisan basis," let me say to you that on three separate occasions, the Democratic candidate for

President, Mr. Adlai Stevenson, made very, very strong statements about this very proposition. This is what he said on October 11 in Nashville, Tenn.:

But I can concede that big Government can be defended only as a necessity brought about by the complexity of our age and compounded by the external threat from our Communist enemies. * * *

I would not deny, indeed I have often asserted that there is an eternal threat to our liberties inherent in big Government. * * * The great task before the next President of the United States will be to maintain a balance—to see to it that neither internal nor external security is paid for in the coin of personal liberty. * * * My own service as Governor of Illinois has taught me the virtues of States rights as a bulwark against big Government.

As I have often had occasion to remind some of my more impatient compatriots, State and local government is and must always be the basic structure upon which the Federal Government is built.

Mr. CONDON. Mr. Chairman, will the gentleman yield?

Mr. HALLECK. I yield.

Mr. CONDON. The gentleman is not suggesting that Governor Stevenson suggested the creation of a commission to consider the pros and cons of this issue, is he? The issue exists and that is what we are considering here.

Mr. HALLECK. May I say to the gentleman there was no suggestion as that in what I said. What I am getting at is that this matter should be looked into. How we get at it is something about which we might differ. I hope now to explain why I think this is the best way to get at it.

We had a meeting at the White House with the President in pursuance of the declarations he made to implement this proposition. There present were four representatives of the Governors' Conference—Governor Shivers, of Texas, Governor Byrnes, of South Carolina, Governor Driscoll, of New Jersey, and Governor Kohler, of Wisconsin. We had representatives of Congress there. We had representatives of the executive branch of the government. All morning we discussed the matter of working out this great problem. There was evidenced the highest degree of cooperation. There was evidenced on the part of the governors and on the part of the representatives there representing the Council of State Governments a desire to work with the Federal Government in solving the problem.

That is the first time to my mind that the representatives of State governments and of the Federal Government have sat down to consider this great overriding proposition.

You may say, "Why should we have a commission such as this instead of letting a committee of the Congress do it—either a regular committee or a special committee?"

First of all, let me say, in addition to the things that the gentleman from California [Mr. CONDON] spoke of, this must be a matter of cooperation between the States and the local governments and the Federal Government. If it is deemed advisable, as a result of that cooperative action, that the Federal Gov-

ernment get out of a certain sphere of action, then the States and local governments must be ready to move into that sphere. And what better way could be found to assure that very desirable result than that the governors and the representatives of the subdivisions and the municipalities be in attendance as this progresses? Why, to me it is just incontrovertible.

In the course of the discussion at the White House, it was even suggested that the State Governments, coming into this on an equal basis, would find some way, through their council of State governments, to help finance the whole project.

Some reference was made to the fact that this might interfere with congressional action that might be had before the Commission reports. The bill itself specifically provides—and that was put in at the direct request of the governors themselves—that any interim reports of the Commission might be submitted ahead of the final report. And, of course, it is elementary that if the Congress of the United States, through any of its committees, wants to initiate action, it may do so. Perhaps it might have to do with what you are going to do about the gasoline tax; are you going to turn it all over to the States and get the Federal Government out of it, as the State governors seem to wish. There is no reason why any matter such as that could not be acted upon, if the Congress of the United States decided to act upon it. So, to my mind, there is nothing in that argument.

I might point this out to you as just one reason why I think this is so highly important. The governors who were there represented, after some very careful study, had become convinced that many of the governmental services carried on at the Federal level, if given back to the States and local communities, could be carried on at a 25-percent saving, with just as efficient service rendered to the recipients. That, to me, means something. It ought to mean a lot to the overburdened taxpayers of this country. I, for one, want to get that job done as efficiently and as quickly as possible.

Some question was raised about the division of the appointing power on this Commission. There are to be 5 from the House, 5 from the Senate, and 15 appointed by the President. I realize that at first flush that would seem to be giving too many of the appointments to the executive branch. But let me point this out to you. Four or five governors should be on this Commission. The executive branch of the Government ought to be represented; and, in addition, I hope, while there was no ironclad arrangement about it, that a representative of the municipalities or of the State subdivisions may likewise participate in the work of this Commission. So it seems to me that the division of appointments is completely equitable.

Time is running out. I introduced this bill 2 months ago. There is a March 1, 1954, deadline to report. And that is as it should be, in order to give us a chance to go to work on some of these things.

I sincerely hope that we may proceed expeditiously to the passage of this resolution.

The CHAIRMAN. The time of the gentleman has expired.

Mr. CONDON. I yield such time as he may desire to the gentleman from North Carolina [Mr. BONNER].

Mr. BONNER. Mr. Chairman, it so happens that in the last 3 or 4 years in former Congresses I was chairman of the subcommittee that is now so ably and graciously chaired by the lady from Indiana [Mrs. HARDEN]. She served faithfully and efficiently and diligently on the subcommittee, and on the full committee, which was then the Committee on Expenditures, and which is now the Committee on Government Operations.

We held hearings on this proposal and there appeared before the committee a delegation of governors. We held a special session of the subcommittee to hear the governors. It was a nonpartisan delegation. It was a group selected by the governors of the United States who were then meeting here in Washington.

For the information of my Democratic friends, Governor Stevenson of Illinois appeared before the subcommittee with the delegation and sponsored this proposal.

I felt very sympathetic toward it, and I think it will be most advantageous for the Congress to establish this commission. I asked the governors what they would be willing to give up, as the chief executives of their States, to balance what they were asking the Federal Government to give up. We were specific on certain questions with respect to aids and grants from the Federal Treasury to the States in the light of the fact that the Federal Government was operating in the red and the States were in very splendid condition financially at the time. They did not seem to want to give up many of the fine programs that the Federal Government is now so generously providing for the States, so under those conditions hearings were not continued, and I may be thoroughly frank in saying that there was nothing done about the Boggs resolution. But I do think—and I commend to my Democratic friends—the bills which have been offered here by the gentleman from Ohio [Mr. BROWN], and the gentleman from Indiana, [Mr. HALLECK].

I think it is a fine thing for a commission to be set up to go into this subject. It is a burning issue. We hear in the States that the Federal Government is usurping the States in certain fields of taxation, and that certain fields should be reserved to the States. If the States want the Federal Government to do that, let us have this commission to find out what the States are willing to give up.

Mr. MORANO. Mr. Chairman, will the gentleman yield?

Mr. BONNER. I yield.

Mr. MORANO. Can the gentleman think of any more orderly way of doing this job than the establishment of such a commission?

Mr. BONNER. No, I cannot.

At first blush I thought it should be the responsibility of the Congress, but

it is more or less along the line of the reorganization bill that we passed, or the bill that we passed setting up the Hoover Commission. Congress here for years and years and years tried to reorganize the Government as specific bills were brought to the floor of the House, but always there were so many friends of the agency affected that you just simply could not get any place with it. Then Congress set up the Hoover Commission, and the Hoover Commission sent down its recommendations, and so forth, and so on; and I believe the overwhelming majority of the Hoover Commission recommendations have been good for the Government and good for the Congress, and the majority of the Hoover Commission were adopted by a Democratic Congress. It is supposed to be a nonpartisan commission; it is supposed to be a commission to think of the first interests of the Federal Government and the States, and not of any political interests. I hope, Mr. Chairman, that when this bill passes, and I believe it will, that the commission will be set up along that line. I have great confidence in the gentleman from Indiana [Mr. HALLECK], and I have great confidence in the gentleman from Ohio [Mr. BROWN], and I believe these gentlemen will see to it—and I know the Speaker of this House, than whom there is no finer or fairer gentleman anywhere, will see to it that the commission is set up nonpartisan and for no political purpose, and that the work of this commission will be fair and just both to the Federal Government and to the States; and I hope that the Democratic membership of this House will go along on this proposal and pass the bill as it is presented to us. It must be remembered that many functions of the Federal Government come into being due to petition and personal intercession from governors and other State representatives and was not originated by Congress itself.

Mrs. HARDEN. Mr. Chairman, I thank the distinguished gentleman from North Carolina for his kind remarks, and wish to commend him for the splendid service he rendered as a former member of the Subcommittee on Intergovernmental Relations.

Mr. CONDON. Mr. Chairman, I yield to the gentleman from Arkansas [Mr. HAYS] such time as he may desire.

Mr. HAYS of Arkansas. Mr. Chairman, since I did have some comments to make at the time the President sent his message to the House recommending the commission, I would like to make a brief statement agreeing in general with the remarks just made by the gentleman from North Carolina and by the majority leader, the gentleman from Indiana [Mr. HALLECK]. At first I had some reservations about the composition of the commission.

I believe that as a matter of policy the Congress should confine membership for studies of this kind to Members of the House and Senate. We get a much neater legislative record when we confine the membership of such study commissions to our own Members. I feel rather strongly about that. At the same time, I agree that the President has done a

fine thing in urging a comprehensive study. Whatever our views as to the general problem that the gentleman from Indiana has so well defined, that is whether one is critical of the developments of the last few years or feels that in the main Federal-State relations have been well directed; nevertheless, all might agree that the time has come for a complete study and that we should take a fresh look at the situation to determine just how Federal policies can be improved.

Mr. Chairman, I wish to add that I am impressed by the argument that the gentleman from Indiana [Mr. HALLECK] has made that in this special kind of study there may be some justification for inviting those outside the Congress to participate, but I hope to see the practice abandoned. Congress can profit by the study and while I have this objection to going outside congressional membership I shall support the bill.

Mrs. HARDEN. Mr. Chairman, I yield 5 minutes to the distinguished gentleman from New York [Mr. OSTERTAG].

Mr. OSTERTAG. Mr. Chairman, what we are seeking to do in H. R. 4406 is to establish orderly machinery for the restoration of our Federal system of government—that is, for reestablishment of a strong union of strong States.

For the past 20 years the States have been merely the tail to the National Government's kite. Their functions have been progressively invaded; their tax resources have been progressively preempted; their sovereignty has been progressively chipped away. The trend has been reflected, in turn, in the relation of the States to their localities, until the citizens today exercises a steadily diminishing degree of control over the Government he supports.

The founders of this Republic were well aware that this might happen. They warned against it, and they wrote two safeguards against it in amendments to the Bill of Rights. The first of these was amendment IX, which specifies that ours is a government of enumerated powers—all others are retained by the people; the second is the 10th and last amendment in the Bill of Rights, which says:

The powers not delegated to the United States by the Constitution, or prohibited to it by the States, are preserved to the States respectively, or to the people.

Jefferson took occasion, in 1823, to underscore the necessity for a proper balance of functions and responsibilities between the States and Federal Government.

I believe—

He said—

the States can best govern over home concerns and the general Government over foreign ones. I wish, therefore, to see maintained that wholesome distribution of powers established by the Constitution for the limitation of both, and never to see all offices transferred to Washington.

And the Supreme Court, called upon in 1911 to adjudicate the problem, specifically emphasized the responsibility of the States for many of the programs

which the Federal Government now controls.

Among the power of the State not surrendered—which power therefore remains with the State—

Said the Court—

is the power to so regulate the relative rights and duties of all within its jurisdiction as to guard the public morals, the public safety, and the public health, as well as to promote the public convenience and the common good.

Mr. BONNER. Mr. Chairman, will the gentleman yield?

Mr. OSTERTAG. I yield to the gentleman from North Carolina.

Mr. BONNER. Mr. Chairman, with all due respect now to the criticism that has come to the Federal Government from beyond the area of Washington, there should be some consideration given to it. All these agencies and all these grants and all this aid that flow from the Federal Government were brought about by pressure that came from the States and their delegations coming to Washington and asking the Federal Government to do this, that, and the other, and pressure in Congress to take up functions in the States that should have been the State's own responsibility in the beginning. By so doing the Congress had then to raise taxes to take care of these things that the Federal Government had so graciously given to the States by both the House of Representatives and the Senate, and Republicans and Democrats alike have been building up these aides and grants that now flow to the States. So I hope when the commission is created that the governors will take into consideration that fact.

Mr. OSTERTAG. In response to the gentleman from North Carolina, may I say there have been weaknesses on all sides so far as this question is concerned. The States, too, are guilty of coming to the Federal Government for further handouts.

Mr. BONNER. There were many things that the States asked the Federal Government to do which the States were in a better position to do than the Federal Government.

Mr. OSTERTAG. Mr. Chairman, we have indeed wandered far from that doctrine, which was designed to insure our Federal system and our individual liberties. In fact, in the 1930's, the trend in the opposite direction took on the proportions of a stampede, and there was even, at one time, extensive talk of abolishing the States entirely, and replacing them with regional entities. Here surely was a pattern for dictatorship.

Fortunately, the States stood fast against this assault. They found their voice in the Council of State Governments, an organization of, for, and by the States, and through it they have been assisted in putting their own houses in order, and in assaying their strength, their rights, and their responsibilities.

Repeatedly the council has warned against the deadly virus of overcentralization. Its studies have shown the steady encroachment of the Federal Gov-

ernment on the powers, the functions, and the resources of the States. In cooperation with the Hoover Commission, it has made a monumental analysis of Federal-State relations, with particular reference to fiscal relations, which clearly sets forth the steady shift of financial and administrative responsibility for government, away from the grassroots, to a remote and often uncontrollable Central Government here in Washington.

As one who was instrumental in the organization of the Council of State Governments, who served with it as a State legislator over the better part of two decades, and who is still a member of its board of directors, I have traveled from ocean to ocean in this country arousing State legislators and administrators to this problem. Today they are aroused; they are interested; they are ready to cooperate in an orderly restoration of the balance of powers in our Government.

When I came to Congress 3 years ago, one of the first measures I introduced was a bill to create a Commission on Intergovernmental Relations, similar to the one we are considering today. Like other bills of that nature, however, it gathered dust in committee. The former administration was not interested in such measures.

Fortunately, we have an administration today which understands the problem and has taken the lead in reaching for a solution. Long before he became President—indeed, long before he became a candidate for the Presidency—General Eisenhower pointed to the danger of an overcentralized government, and asserted that those who called for greater and greater centralization of authority and increasing dependence on the Federal Treasury “are really more dangerous to our form of government than any external force.” One of his first acts, after his inauguration, was to set in motion a program looking toward decentralization of government.

Fortunately, also, we have a Congress today which shares those views. The legislation which is before us is designed to lay the groundwork for a restoration of our historic pattern of functions and responsibilities. In approving it, we are acting to protect liberty itself. I hope this bill will be speedily enacted into law, and that the Commission which it envisages will be speedily named.

(Mr. OSTERTAG asked and was given permission to revise and extend his remarks.)

Mr. CONDON. Mr. Chairman, I yield 5 minutes to the gentleman from Minnesota [Mr. WIER].

Mr. WIER. Mr. Chairman, I approach this legislation with a bit of caution. I cast no reflections upon the author of the bill or the subcommittee that brought the bill to the House floor. I think most of the Members of the House here have, like myself, served at one time or another as members of their State assemblies or their State legislatures. Before I came to Congress I had served 6 years, 6 great years, in the Minnesota House of Representatives. I

owe to my district and my State a loyalty in preserving many of the things that have been brought into the limelight here in connection with this legislation.

I am equally cognizant of the dual capacity of taxation, as to who should have a prior right in several fields of tax matters. I am aware of the controversy existing over the right of the State or the Federal Government to the gasoline tax. Likewise I am aware of the difficulty in connection with the State and Federal income tax. So there are a number of questions involved. If the Congress itself wanted to clarify the picture of taxation and privileges, to certain areas of taxation, with the exception of those times when the Government is engaged in war or engaged in a threatened situation as we are in today. I think the field ought to be defined at least to some degree, and not take for granted, in time of emergency, that the Federal Government, in spite of any commission or any understanding that they have on taxation, with the States cannot move in when that means the perpetuation of our way of life. I am not willing to sit here and sacrifice my representation of the Third Congressional District of Minnesota to many more commissions. I think the people sent me here knowing that I had some knowledge, at least, of what the State of Minnesota and my district want to get in my service here in Congress. I think I can fulfill that position here in this Congress with complete loyalty to my State and local governments.

Mr. MORANO. Mr. Chairman, will the gentleman yield?

Mr. WIER. I yield to the gentleman from Connecticut.

Mr. MORANO. The gentleman knows that this bill does not legislate; that it only provides for establishing a commission to make recommendations, and that he is going to have an opportunity to vote on any legislation that it recommends ought to be adopted.

Mr. WIER. I am glad the gentleman brought that up, because I was just coming to the commission.

Aside from the real-property tax, the income tax, the gasoline tax, and a hundred other taxes that are in conflict between the Federal Government and local and State organizations, we likewise have a great campaign on in this Nation for the sales tax. Now my State happens to be one of those that has not yet found it necessary to institute a sales tax, and a number of other States have not, but there is a movement on foot and has been for some time not only to invade this field of the sales tax of the States, but also by the local government. If I have any suspicion in my mind—and I must be brutally frank—if I have any suspicion in mind about this measure, as the result of the present discussion and the authority of the commission, it is based on the fact that there will be, as I heard the author of this bill say, 5 from the House, 5 from the Senate, and 15 appointed by the President. The composition of those 15 appointed by the President are going

to be mighty important to me and the many people I speak for from my district.

Mr. MORANO. Mr. Chairman, will the gentleman yield for a correction?

Mr. WIER. I yield.

Mr. MORANO. There will be 5 from the House and 5 from the Senate. There will be 3 from the majority side of each body and 2 from the minority side of each body, not 6.

Mr. WIER. I have no quarrel with the congressional appointments, but I do have a rather grave doubt about the 15 appointed by the President. Now, I do not want to see sitting on this question of a reviewing and recommending body 15 more bankers indicating and making recommendations upon what is good or bad taxation as between the States and the Federal Government.

Mr. MORANO. But the gentleman will have the right to vote against any recommendation they make and so will I, and so will every Member of the House.

Mr. WIER. But I will have a better right to vote against it here today.

Mrs. HARDEN. Mr. Chairman, I yield 1 minute to the distinguished gentleman from Ohio.

(Mr. BROWN of Ohio asked and was given permission to revise and extend his remarks.)

Mr. BROWN of Ohio. Mr. Chairman, I enthusiastically support this measure. The Hoover Commission, when it was in existence, found the most difficult problem confronting it was what to do about Federal-State relations. The Commission had requests from State and local officials to take up such matters and investigate them thoroughly, but the Commission had no power to do so. When the establishment of this new commission was recommended by the President, I very happily agreed immediately to amend and change the legislation which I had introduced for the reestablishment of a new so-called Hoover Commission so as to eliminate the power written into that legislation for the study of inter-governmental relations. I feel this whole problem of Federal, State, and local relationships is so important that a special commission should be named to consider it. Of course, I realize, and hope every Member of the House realizes, in order to get the cooperation that is necessary you must have representatives of the States, municipalities, and other divisions of Government, as well as a representative from the Federal Government on such a commission, which in turn will report back to both the States and the Federal Government for appropriate legislative action by the Congress and the State legislatures later on. Therefore, Mr. Chairman, I support this bill.

Mr. CONDON. Mr. Chairman, I yield 4 minutes to the gentleman from California [Mr. DOYLE].

(Mr. DOYLE asked and was given permission to revise and extend his remarks.)

Mr. DOYLE. Mr. Chairman, it never hurts or handicaps us to obtain all possible information and material that is available. I just wish to urge one point which I feel is not clear about this bill.

It does not specify that the Commission shall set forth the facts upon which its findings are made. It may be presumed, I suppose that a survey or a study by the proposed Commission will be so complete as to the facts gathered thereby, that when the report comes back to the Congress, we Members of Congress will then have before us a fairly substantial statement of all the material facts upon which different recommendations of the Commission are based. If such is not done it will be a serious and fatal omission. In no place in the bill do I find such a provision; there is no express provision that the report shall set forth the facts upon which any recommendations of the commission is based. I am sure you find no such specification. Yet the facts in each case will determine the wisdom of each recommendation. Because I will later have the responsibility of considering and acting upon this Commission's recommendations, I wish the RECORD to very clearly show that this Commission shall report such material facts. I wish to urge as this study proceeds that enough money be given to the Commission and also enough time be taken, in the study so that this Commission will be expected to be meticulous in obtaining the basic facts in every area wherein they undertake to make any conclusion or report to the President or to us. That is the point I wish to presently urge. Surely no one can find disagreement with me. Without reporting the facts also to us, we cannot act intelligently. I assume some amendments may be made to the bill. I will not offer one to include the words making necessary a return of the facts. It should not be necessary. The sense and soundness of my position can have no opposition I am sure.

Mr. HALLECK. Mr. Chairman, will the gentleman yield?

Mr. DOYLE. I yield to the distinguished gentleman from Indiana, the majority leader.

Mr. HALLECK. I am glad that the gentleman raised that point. I am happy to join with him in having the RECORD show that it is just that sort of comprehensive report which we expect from the Commission. We want not alone bare recommendations on this or that, but we want the facts behind it and the reasoning for the recommendation, and possibly some brief of the testimony or evidence or whatever it may be in support of the recommendation.

Mr. DOYLE. I appreciate the gentleman making that remark because that is the sole purpose of my rising at this time and taking these few minutes. I wish to urge again, that never should Congress be afraid of spending sufficient money and taking time to get the basic facts upon which our governmental structure functions, with a view to economy and efficiency. Only by knowing the facts can we act wisely when the report comes back to us.

Mr. HALLECK. I thank the gentleman for his approbation. I think the point he has raised is well taken, and I believe what he has said adds to a better

understanding of what we are trying to do.

(Mr. CONDON asked and was given permission to revise and extend the remarks he made today.)

Mrs. HARDEN. Mr. Chairman, I yield the remainder of my time to the distinguished chairman of the Committee on Government Operations, the gentleman from Michigan [Mr. HOFFMAN].

(Mr. HOFFMAN of Michigan asked and was given permission to revise and extend his remarks.)

Mr. HOFFMAN of Michigan. Mr. Chairman, in March 1951, and again in January 1953, a bill somewhat similar to this was introduced by me. Approximately at the same time a similar bill was introduced by the gentleman from Illinois [Mr. DAWSON] and, as I understand, his bill, as well as the one which I introduced by me, was introduced by request.

The bill which I introduced met with the recommendation—in fact it was prepared by the attorney for the Hoover Commission. I yielded to the request to introduce it because it has always been my policy, if there was a proposition or proposal which seemed to be worthwhile, to bring it up for discussion, both in committee and in the House.

I cannot go along with this bill and vote for or support it, not because it does not comply with some of the recommendations of the Hoover Commission or with the provisions of the bill which it was my privilege to introduce, but because none of these bills, in my judgment, are proper. The very first 15 words of the Constitution say that the legislative power is vested in the Congress of the United States.

Just a moment ago it was argued that ultimately the Congress would have an opportunity to decide upon the recommendations of any commission which was appointed. That is true. But some of us who were here through what the press and some others were pleased to term "the yes men" or "rubberstamp Congress," do not want any more of it. We refused then to be just figureheads. Why become such now?

This bill, and H. R. 992 which was also reported out today, are new proposals that Congress abdicate still more of the functions that the Constitution imposes on it.

This bill delegates the investigative powers of Congress regarding Federal-State relations. H. R. 992 would give away the investigative powers of Congress relating to the organization of the executive branch of the Government.

Investigation is an essential part of the legislative process. Congress cannot intelligently legislate without investigating. For Congress to abdicate its investigative functions constitutes an abdication of an essential part of the legislative process.

We have already given away a large part of the duties which the Constitution places upon us. The executive department now can abolish many functions of the Government. It can send down plans to reorganize all or any part of the Government. All Congress retains is an ineffective veto power.

This bill, H. R. 992, and the Reorganization Act of 1949 have a cumulative effect.

H. R. 992 will establish a commission to take over that part of the legislative powers of Congress that relates to investigation preparatory to the consideration of bills regarding the organization of the executive branch.

It is clear, of course, that the President and his advisers already conduct investigations and studies preparatory to reorganization plans. The majority report on H. R. 992 states that there need be no conflict between the authority to be granted to the Commission established by that bill, and that which the President already has in connection with Reorganization Act of 1949.

The report says:

It would be entirely proper for the President to continue to improve executive branch organization and operation under the authority of Reorganization Act of 1949 as extended in Public Law 3. The Commission should be able to complement the work of the President and in addition to make recommendations in those fields of reorganization in which the powers of the President have been specifically limited in the Reorganization Act of 1949, as amended.

No effort is made to deny that the powers of the Commission to be set up by H. R. 992 duplicate those already delegated to the President under the Reorganization Act of 1949. The argument is made that certain limitations which the Congress saw fit to apply to the President's powers will not apply to the new Commissions.

In any event, it seems to be conceded that Congress will have successfully delegated its power to investigate Federal-State relations and its power to investigate and legislate regarding the organization and functions of the executive branch of the Government when these two bills become law.

In enacting this legislation, Congress will have adopted the major premise of those who contend that the investigative powers of Congress should be transferred to the executive branch of the Government. Congress will be conceding that investigations of the Government can better be conducted by the Executive Department itself.

That premise is false. The real reason that certain groups contend for a curtailment of the investigative powers of Congress is not that those investigations have been unproductive, but rather that they have been too productive.

These groups feel that Congress is outmoded; that all governmental powers should be vested in the Executive.

Congress, by enacting these two bills to delegate to the executive branch the power to investigate its own relations with the States and its own operations, will be taking a major step in that direction.

The Constitution places all power to legislate in the Congress. We have no right to abdicate any part of that function, either investigation preparatory to legislating or the enactment of legislation.

Investigation of Federal-State relations is a large part of the legislative

duties of Congress. Most of the standing committees of Congress from time to time investigate these matters as a part of the legislative process.

The Legislative Reorganization Act of 1946 and the Rules of the House specifically charge the Government Operations Committee with the overall function of investigating Federal-State relations.

This bill, however, proposes to transfer those functions from the committee and from the Congress to a Commission, in effect to the executive department of the Government.

One reason for the proposed transfer is, in effect, that the Commission will have enough prestige to attract big names to the staff, while the Congress would not. The acceptance of that kind of reason for legislation does not add to the prestige of Congress.

Another argument for the proposed transfer is contained in this quotation from the majority report on H. R. 992:

Several members of the subcommittee questioned witnesses as to the necessity of establishing a Commission to do the job, indicating that congressional committees have the authority, are responsible, and, with appropriate staff assistance, should be able to do the job more effectively. However, it was the general consensus of witnesses that as a practical matter a Commission should be established since it was not likely that Congress would provide adequate funds for such an investigation by a committee of Congress although it would do so for a Commission.

In effect this means that Congress in conducting its investigations will have consideration for economy. This is all the more reason for Congress to do the job. An investigative body which does not have consideration for economy in its own operations is not likely to detect a lack of economy in other agencies.

But, we are told, the congressional committees can continue to investigate the same subject matter as the new Commission.

Just where would the economy be in continuing to appropriate sums for congressional investigations of Federal-State relations when we have already appropriated for this Commission to do the same thing? Why do we need to duplicate staffs?

The answer is, of course, that in the future we will be met with the arguments that further appropriations for these investigations by congressional committees are not warranted.

Sooner or later, that will be the result.

Further, Congress is delegating its powers so fast that the time has come for us to ask whether we are justified in appropriating for our own salaries. Presumably we are paid for doing our job. Here we already delegated so much of our job that perhaps our salaries could be saved by abolishing our jobs.

In my judgment—and it is only my judgment of course—support for this bill is an admission that the House is either indolent, lazy, if you want to use the common word—yes, I mean it—or incompetent, because after complaining over the years about the executive departments taking over our functions, we now go ahead and authorize the appointment of a commission consisting of

25 members, 15 to be appointed by the President, 5 from the House, and 5 from the Senate, to do what? To take over the functions of the committees of the House and to recommend to us, without hearings—and when you have a bill come in here, you are supposed to have hearings—without the production of the hearings held by the Commission before the House. Without production of the facts on which the Commission based its opinion, we will be called upon to accept those recommendations. If a regular standing committee of the House should ask us to act on a report without the hearings, just how indignant would we be?

We have a legislative Reorganization Act, and under it we have 19 standing committees of the House. Then we always have in every session special committees to investigate this, that, and the other.

What are the duties of those 19 committees? We have legislative committees, and legislative proposals which come before the House are divided up and sent to those committees, according to the jurisdiction of each. Those committees are presumed to hold hearings. The hearings are printed and put before the Members. As a rule we refuse to act without them.

Yet this Commission will ask us to act without knowing the facts on which it bases its recommendations, time and time again the membership of this House has complained most bitterly because the Executive would not give a committee the information which was desirable and which was necessary to enable it to act.

Finally, the Supreme Court itself, in *McGrain v. Dougherty* (273 U. S. 135-174), not only stated it was the prerogative of the House to ask for information, but that it was the duty of the House to hold investigations, swear witnesses, ascertain the facts, and then put its recommendations before the House, together with the hearings on which the recommendations were based.

Now, what are we doing today? We are transferring like authority to investigate—hold hearings—surely they say we still have the right—but we all know that when we appoint this Commission and when we give to this Commission, as this bill does, authority to hold hearings, to subpoena witnesses, believe it or not, require the executive department to give to this Commission all the information which they may ask, something that was denied for a long, long time to the committee which the gentleman from Texas [Mr. DIES] headed, the Committee on Un-American Activities, something which today only two committees of this House have, the Committee on Ways and Means and the Committee on Government Operations, to go into tax returns—we are creating a Commission and giving it authority equal to that of our regular committees—telling it to think for us. A sorry spectacle.

Do you see what we are doing? What is the matter with us, anyway? Do we not have the courage, do we not have the ability, are we too lazy to perform our duties? What is going to be left to the Congress in the years to come? The

privilege of drawing and spending our checks. Is that all?

Now, I ask, how can a man go before his constituents and say, Well, we have transferred all the power, or power equal to that given to the 19 standing committees of the House and given to the special committees of the House, and then ask to have this Commission—and the President appoints 15, while the House and Senate together have 10—ask them to reelect us when we are attempting to dodge a part of our duties?

Now, yesterday my colleague the gentleman from North Carolina [Mr. FOUNTAIN], whom I admire so greatly, came in here. He is new to this body. He has within him a desire to serve his people. He wants to perform his duty, and he tried yesterday; but, as a matter of fact, he discovered that he could not get a vote. The reason was because of the legislation which we have passed, the reorganization bill, which gives the President authority to send up a plan and which the House is required to take as it comes up unless one House vetoes it. The gentleman was greived—rightly complained because he could not act as a Congressman should.

Mr. HOLIFIELD. Mr. Chairman, will the gentleman yield?

Mr. HOFFMAN of Michigan. Yes, briefly.

Mr. HOLIFIELD. Is it not true that the resolution of disapproval could have been brought up in the regular way?

Mr. HOFFMAN of Michigan. Oh, yes.

Mr. HOLIFIELD. And we have been given the opportunity to vote on it?

Mr. HOFFMAN of Michigan. Seldom do I agree with my distinguished colleague from California or his associate from California [Mr. CONDON], but I am happy now to say that the gentleman from California [Mr. HOLIFIELD] has always stood up here in the well and fought for the jurisdiction of his committee and for the jurisdiction of the House.

I am under no illusions; I realize this bill is going through; it has the leadership on our side, practically no opposition on the other side; it is going through, but I want to warn you now—and I am not talking to you so much as I am to some who may follow us later—someday perhaps my great-great-grandson will come along after me and say that the old man was right, Congress gave away its authority.

We are giving away here the authority of the Congress to investigate and bring in reports; you are transferring that power to the other end of the avenue, and when their recommendations come up you will have to swallow those recommendations.

Then again we will have rubberstamp Congressmen. I want no part of a rubberstamp. One may often be wrong but no thinking individual criticizes a mistaken man just because he is in error. But what about the poor stick who refuses to think or insists that someone else do his thinking?

Mr. GROSS. Mr. Chairman, I find it impossible to support this legislation for a number of reasons.

I am convinced it is a wholly unnecessary delegation of power on the part of the House of Representatives. The

House should be engaged in recapturing delegated powers rather than extending them.

It gives power of subpoena and administration of oaths to some 15 persons whose identity at this time is completely unknown; persons who will be appointed to serve, perhaps temporarily, on the proposed Commission.

Any one of these persons may be constituted a subcommittee of one to require that anyone in this country must testify under oath and produce books, records, papers, and documents for scrutiny. This is a far too broad and vast delegation of power to a Commission for the alleged purposes provided in this bill.

There is almost no restraint placed upon the amount of money this Commission could expend. This is not in keeping with efforts to economize, balance the budget and reduce taxes.

For these and other reasons which have previously been stated, I cannot support this legislation although I do not oppose a study of intergovernmental relations. This can be accomplished without a capricious grant of power and unnecessary burden of expense upon already overburdened taxpayers.

The CHAIRMAN. All time for debate has expired. The Clerk will read the bill for amendment.

The Clerk read as follows:

Be it enacted, etc., That—

DECLARATION OF PURPOSE

SECTION 1. Because existing confusion and wasteful duplication of functions and administration pose a threat to the objectives of programs of the Federal Government shared in by the States, including their political subdivisions, because the activity of the Federal Government has been extended into many fields which, under our constitutional system, are the primary interest and obligation of the several States and the subdivisions thereof, and because of the resulting complexity of intergovernmental relations, it is necessary to study the proper role of the Federal Government in relation to the States and their political subdivisions, with respect to such fields, to the end that these relations may be clearly defined and the functions concerned may be allocated to their proper jurisdiction. It is further necessary that intergovernmental fiscal relations be so adjusted that each level of Government discharges the functions which belong within its jurisdiction in a sound and effective manner.

The CHAIRMAN. The Clerk will report the committee amendments.

The Clerk read as follows:

Committee amendments:

Page 1, line 5, after the word "because" insert the word "any."

Page 2, line 2, strike out the word "are" and insert the words "may be."

Page 2, line 4, strike out the word "of" and insert the word "to."

The committee amendments were agreed to.

Mr. MEADER. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I favor this legislation. I concur in the views expressed by members of the Subcommittee on Intergovernmental Relations, so ably chaired by the gentlewoman from Indiana [Mrs. HARDEN], that the committees of Congress should themselves have

the power to find the facts necessary as a proper foundation for wise legislation.

I concur with the remarks of the gentleman from Michigan that the Congress ought not to give away its legislative authority. It is my belief that the facts should be found by the legislative agency which has the responsibility for making the decision, because only upon that basis can wise legislation result.

Let me state where I part with the gentleman from California and the gentleman from Michigan in their opposition to this legislation.

As a practical matter, the Congress has not financed, and so far as I can see will not, for the moment, finance its committees so that they may acquire the sizable and able staffs which are necessary to make a penetrating study of important and complicated subjects such as this. We are confronted not with a theory but with a situation. We have been generous to commissions, giving the Hoover Commission something on the order of \$2 million. By comparison, the subcommittee of which the gentlewoman from Indiana is chairman has an annual appropriation of about \$65,000.

I believe the Congress ought to expand and strengthen its committees' staffs so they can go into these subjects more adequately; then it will not be necessary to have commissions of this character.

There is an additional reason, in my judgment, for establishing this Commission, perhaps more than some others. We are dealing here not alone with the field of Federal jurisdiction and activities but also with those of State and local governments. It is only proper that in any study in that field there should be representation from cities, from school districts, from States, from counties and other units of government, the activities and functions of which will be affected by any study made by this Commission.

Let me say that I also agree with those who deplore the gravitation of political power away from the people and local governments closely under their scrutiny to the Central Government in Washington. Let me go one step further. I deplore the gravitation of that power away from the Congress into the hands of the executive branch of the Government. That trend is in the direction of totalitarianism.

Because of the importance in this modern age of preserving the principle of self-government by keeping government close to the people, it is most important that this study be made.

We must find effective ways of opposing the trend toward taking everything to Washington. We must restrain the Federal Government's tendency to preempt all of the tax sources possible. We must effectively and intelligently counteract the tendency of the National Government to engage in one activity after another which affects the lives and livelihoods of our people, which could be handled more economically by locally elected officials.

Situations have developed in my own district where the Federal Government's activities were adversely affecting local government activities. In the city of

Adrian, Mich., there is an aluminum extrusion plant which cost about \$2½ million. The title to this plant until recently was held by the RFC. It has now been transferred to the Air Force. The General Accounting Office has ruled that title being in the United States Government, local taxes to the city of Adrian and to the county of Lenawee, and to the school district can no longer be paid. This year for the first time, without warning, that community has suffered a loss of approximately \$90,000 in its revenues. I know there are hundreds, if not thousands, of communities similarly affected.

This is only one type of effect of Federal activity on State and local units of government.

The solution to these problems is not easy. I hope the commission we are creating will make a real and substantial contribution toward such solution.

(Mr. MEADER asked and was given permission to revise and extend his remarks.)

Mr. D'EWART. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, I believe I should address the Committee very briefly concerning this proposed legislation because I happen to be chairman of a committee to which have already been referred some 15 or 20 bills introduced by Members of the House concerning payment in lieu of taxes. Some of you have come and asked me for hearings on those bills. Representatives of State governments are coming to me asking for hearings, representatives of county governments and representatives of municipalities alike, asking that we hold hearings on the several bills that have been referred to the Subcommittee on Public Lands concerning payment in lieu of taxes.

In past years we have held some hearings on these bills. All you have to do is to turn over the first page and note the multiplicity of questions that immediately arise which are pretty nearly overwhelming. The gentleman from Michigan has just stated that we should handle these things in the ordinary course of our committee affairs, but a problem such as this is so far reaching that it is not easy for us to solve it. All the forests of the country pay 25 percent of their revenues to the county governments for use of schools and roads. Public lands pay certain revenues to the county governments. In the ordinary State about one-third of the revenue of the State comes from the Federal Government in one form or another—social security, aids of one kind or another, and so forth. Now, if we provide for payment in lieu of taxes, what part of those revenues should be stopped and what part should be continued?

The other day a representative of the Municipal League was in my office and asked that we hold hearings on a bill involving payment in lieu of taxes. In order to explore his mind and his knowledge of this subject, I raised the question that ordinarily we should not pay in lieu of taxes because of a post office, a post office serving the local community and being there only for the local community. He said, "Perhaps I agree with

you and perhaps I do not, but if we do not collect taxes because of that post office, then suppose we provide that post office with water and sewage, are we entitled to payment because of that service?"

There you have a difficult question to answer if you are going to consider making payments in lieu of taxes. I cite that as one instance of many difficulties that are presented to you when you consider where you will stop in payments in lieu of taxes and where you will go forward with the present payments. That is only one aspect involved in the bill that is now before us today, the matter of payment in lieu of taxes. Therefore I believe we need a commission that has the time, the money, and the personnel to explore this subject in its entirety, not just one feature that may be referred to the committee of which I happen to be chairman, but the whole subject of payment for services in lieu of taxes that the present governments render and where there is duplication and how it should be worked out.

Mr. Chairman, I therefore hope that this measure will be passed, and I ask you Members who had bills referred to my committee, some 15 or 20 of you, concerning payment in lieu of taxes, to be patient until we have a policy established in regard to this matter, because it is almost impossible for our committee to go forward without a basic policy. I believe the legislation and the services that this commission can render will be of great help in this matter of Federal-State relations.

(Mr. D'EWART asked and was given permission to revise and extend his remarks.)

The CHAIRMAN. If there are no further amendments, the Clerk will read. The Clerk read as follows:

COMMISSION ON GOVERNMENTAL FUNCTIONS AND FISCAL RESOURCES

SEC. 2. (a) For the purpose of carrying out this act there is hereby established a commission to be known as the Commission on Governmental Functions and Fiscal Resources, hereinafter referred to as the "Commission."

(b) The Commission shall be composed of 25 members, as follows:

(1) Fifteen members appointed by the President of the United States, from among whom the President shall designate the Chairman and the Vice Chairman of the Commission.

(2) Five members appointed by the President of the Senate, three from the majority party, and two from the minority party; and

(3) Five members appointed by the Speaker of the House of Representatives, three from the majority party, and two from the minority party.

(c) Any vacancy in the Commission shall not affect its powers, but shall be filled in the same manner in which the original appointment was made.

(d) Thirteen members of the Commission shall constitute a quorum, but a lesser number may conduct hearings.

(e) Service of an individual as a member of the Commission or employment of an individual by the Commission as an attorney or expert in any business or professional field, on a part-time or full-time basis, with or without compensation, shall not be considered as service or employment bringing such individual within the provisions of

sections 281, 283, 284, 434, or 1914 of title 18 of the United States Code, or section 190 of the Revised Statutes (5 U. S. C. 99).

DUTIES OF THE COMMISSION

SEC. 3. (a) The Commission shall study and investigate all of the present activities in which Federal aid is extended to State and local governments. The Commission shall determine and report whether there is justification for Federal aid in the various fields in which Federal aid is extended; whether there are other fields in which Federal aid should be extended; whether Federal control with respect to these activities should be limited, and, if so, to what extent; whether Federal aid should be limited to cases of need; and all other matters incident to such Federal aid, including the ability of the Federal Government and the States to finance activities of this nature.

(b) The Commission, not later than March 1, 1954, shall submit to the President for transmittal to the Congress its final report, including recommendations for legislative action; and the Commission may also from time to time make to the President such earlier reports as the President may request or as the Commission deems appropriate.

HEARINGS; OBTAINING INFORMATION

SEC. 4. (a) The Commission or, on the authorization of the Commission, any subcommittee or member thereof, may, for the purpose of carrying out the provisions of this act, hold such hearings and sit and act at such times and places, and take such testimony as the Commission or such subcommittee or member may deem advisable.

(b) The Commission is authorized to secure from any department, agency, or independent instrumentality of the executive branch of the Government any information it deems necessary to carry out its functions under this act; and each such department, agency, and instrumentality is authorized and directed to furnish such information to the Commission, upon request made by the Chairman or by the Vice Chairman when acting as Chairman.

APPROPRIATIONS, EXPENSES, AND PERSONNEL

SEC. 5. (a) There are hereby authorized to be appropriated such amounts as may be necessary to carry out the provisions of this act.

(b) Each member of the Commission shall receive \$50 per diem when engaged in the performance of duties vested in the Commission, except that no compensation shall be paid by the United States, by reason of service as a member, to any member who is receiving other compensation from the Federal Government, or to any member who is receiving compensation from any State or local government.

(c) Each member of the Commission shall be reimbursed for travel, subsistence, and other necessary expenses incurred by him in the performance of duties vested in the Commission.

(d) The Commission may appoint and fix the compensation of such employees as it deems advisable in accordance with the provisions of the civil-service laws and the classification laws.

(e) The Commission may procure, without regard to the civil-service laws and the classification laws, temporary and intermittent services to the same extent as is authorized for the departments by section 15 of the act of August 2, 1946 (60 Stat. 810), but at rates not to exceed \$50 per diem for individuals.

(f) Without regard to the civil-service and classification laws, the Commission may appoint and fix the compensation of a Director, who shall perform such duties as the Commission shall prescribe.

TERMINATION OF THE COMMISSION

SEC. 6. Six months after the transmittal to the Congress of the final report provided for

in section 3 of this act, the Commission shall cease to exist.

Mr. HOFFMAN of Michigan (interrupting the reading of the bill). Mr. Chairman, I ask unanimous consent that the bill be considered as read and open to amendment at any point thereof.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

The CHAIRMAN. The Clerk will report the committee amendments.

The Clerk read as follows:

Committee amendment: Page 2, line 13, strike out all after the word "on" down to and including line 14, and insert "Intergovernmental Relations."

The committee amendment was agreed to.

The Clerk read as follows:

Committee amendment: Page 2, line 17, strike out "Governmental Functions and Fiscal Resources" and insert "Intergovernmental Relations."

The committee amendment was agreed to.

Mr. HOFFMAN of Michigan. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will report the committee amendments in the bill.

The Clerk read as follows:

Committee amendment: Page 3, line 22, insert: "Sec. 4. (a) The Commission shall carry out the purposes of section 1 hereof."

The committee amendment was agreed to.

The Clerk read as follows:

Committee amendment: Page 3, line 24, strike out "SEC. 3. (a)" and insert "(b)."

The committee amendment was agreed to.

The Clerk read as follows:

Committee amendment: Page 4, line 1, after the comma, insert "the interrelationships of the financing of this aid, and the sources of the financing of governmental programs."

Mr. CONDON. Mr. Chairman, I offer a substitute amendment.

The Clerk read as follows:

Amendment offered by Mr. CONDON: On page 3, line 24, after "(b)" strike out the remainder of the line and line 25, and on page 4 strike out lines 1 to 12, inclusive, and insert "Intergovernmental relationships between the Federal and State Governments."

Mr. HOFFMAN of Michigan. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. HOFFMAN of Michigan. Does that amendment come before the one I offered on page 2?

Mr. CONDON. The purpose of my amendment is to clarify the language which I think is too broad by stating the function of this Commission is merely to study all relationships between the Federal and State Governments rather than of attempting to enumerate certain studies to be made which by implication would prevent the Commission from studying other matters that they might well go into.

The CHAIRMAN. In response to the gentleman from Michigan, the Chair will state that his amendment will be in order

after the pending amendment is disposed of.

Mr. HOFFMAN of Michigan. The amendment I have is on page 2, and the other is on pages 3 and 4; that is all right?

Mr. MEADER. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state his parliamentary inquiry.

Mr. MEADER. Mr. Chairman, would it be in order for me to offer a substitute amendment for the amendment which the gentleman from California has just offered?

The CHAIRMAN. The gentleman from Michigan may offer an amendment to the substitute amendment.

Mr. MEADER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MEADER as an amendment to the substitute offered by Mr. CONDON: On page 3, line 24, strike out all of section 3b down to and including line 12, page 4, and insert in lieu thereof the following:

"(B) The Commission shall study and investigate all relationships between the Federal Government and between the State and local governments where there is competition, uncertainty, duplication, conflict or mutual participation in functions or activities with the purpose of establishing appropriate demarcation and relations between Federal jurisdiction, functions, and activities and State and local jurisdictions, functions and activities including but not limited to taxation, proprietary activities, grants-in-aid, contractual relations, regulatory, welfare and other public services and functions. The Commission shall make full reports and recommendations in the premises."

Mr. McCORMACK. Mr. Chairman, I make the point of order that the amendment offered by the gentleman from Michigan [Mr. MEADER] is a substitute amendment and is not an amendment to the substitute amendment offered by the gentleman from California. Under the parliamentary rules, there cannot be two substitute amendments pending at the same time. I am only raising this point of order in the interest of orderly parliamentary procedure, otherwise we will get into a chaotic position. What the gentleman from Michigan is offering is in fact a substitute for the substitute already offered by the gentleman from California.

Mr. HALLECK. Mr. Chairman, may I be heard on the point of order?

The CHAIRMAN. The Chair will be glad to hear the gentleman.

Mr. HALLECK. May I point out to the gentleman from Massachusetts my understanding is that a committee amendment was pending to which a substitute amendment was offered by the gentleman from California. If that is the situation, then this is an amendment to the substitute amendment, and it seems to me it must be in order because if it were not, then if the substitute amendment were adopted, it would preclude consideration of the amendment offered by the gentleman from Michigan.

Mr. McCORMACK. As I understand the parliamentary rules, and if I am mistaken, I will be glad to be corrected, there can be only one amendment to the committee amendment and a substitute

amendment, and one amendment to the substitute pending at the same time. There cannot be a second substitute amendment pending. The amendment offered by the gentleman from Michigan is in lieu of the substitute amendment offered by the gentleman from California, and therefore it is a substitute amendment.

The CHAIRMAN. The Chair is impressed that the Condon substitute is in reality an amendment to the committee amendment, and the Meader amendment is a substitute for the committee amendment, and if that is the situation as the Chair so understands it, it would be in order.

Mr. McCORMACK. If the Chair desires to interpret it that way, it is perfectly all right with me because then the parliamentary procedure is protected. I am only desirous of protecting parliamentary procedure. All I know is that the gentleman from California offered a substitute for the committee amendment.

The CHAIRMAN. In reality the Chair feels that the substitute amendment offered by the gentleman from California is an amendment to the committee amendment.

Mr. McCORMACK. Mr. Chairman, I am not in disagreement with that. My only purpose is to see to it that orderly parliamentary procedure is protected, and I am not making a point of order against the amendment itself. I am trying to protect the parliamentary situation because if we get into an amendment in the third degree, we would be getting into a chaotic position. I hope the gentleman from California will have the RECORD corrected so that it will appear that instead of offering a substitute, he will be recorded as saying that he offered an amendment to the committee amendment.

Mr. CONDON. Mr. Chairman, if that is the proper parliamentary procedure, may I state that the amendment I offered is an amendment to the committee amendment.

The CHAIRMAN. The gentleman is obviously correct.

Mr. McCORMACK. Mr. Chairman, I withdraw my point of order.

The CHAIRMAN. The gentleman from Michigan [Mr. MEADER] is recognized.

Mr. MEADER. Mr. Chairman, I would like to say for the information of the committee that during the hearings of the Subcommittee on Intergovernmental Relations, the language of section 3 (b) describing the mandate and the duties of the Commission was given considerable thought.

If you will notice, the committee reinserted language which had been deleted in the Senate. At that time I had not worked out a substitute statement of the mandate of this Commission. I subsequently contacted Mr. McCormick, the executive director of the Citizens Committee on the Hoover Report, and asked him if he was familiar with the language describing the mandate of this Intergovernmental Relations Commission. He said that he was, and he did not think it expressed all that the Commission ought

to be responsible for investigating. I subsequently conferred with Mr. Leonard Calhoun, the counsel for the Citizens Committee on the Hoover Report. We spent 2 or 3 hours working out very carefully the language I have offered to describe the mandate of the Commission.

Section 3 (b) of the original bill seems to deal mainly with Federal grants-in-aid. There are many other activities and relationships and functions in which there is duplication, conflict, or participation between the Federal Government and State and local governments.

Once we create this Commission, there ought not to be any doubt that it has the right to go into the whole field of Federal-State relationships, make a thorough study, and come up with some concrete recommendations.

It is solely for the purpose of strengthening the Commission that I offer this language as an amendment.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

Mr. HALLECK. I rise in opposition to the amendment, Mr. Chairman.

Mr. Chairman, if I understand it correctly, the gentleman from California [Mr. CONDON] thinks the language contained in the bill is too broad. And if I understand the gentleman from Michigan [Mr. MEADER] he thinks the language is not broad enough.

Probably we are confronted with one of those circumstances where any one of us, if he were delegated to write this language on his own responsibility, would write it a little differently.

Let me say this to you first of all: That the committee itself by its amendment on-page 3 has directed the Commission to carry out the purpose of section 1.

I think if the gentleman from Michigan [Mr. MEADER] would read section 1 he would find very much of the broadening that he seeks by his amendment.

Secondly, in respect to the amendment offered originally by the gentleman from California [Mr. CONDON], often have I heard it said that we are not specific enough in the authorizations which we enact; that we just write, so to speak, a blank check of authority. His amendment would simply direct the Commission to do the things that its title would indicate that it is expected to do, because the language is just the language of the title.

To my mind, that is not a sufficient delegation.

Let me say further, it was not contemplated in the beginning that every possible matter of conflict or of controversy, or jurisdiction as between States and the Federal Government, should be put upon this Commission. Certainly, they should not be required to inquire into the application of the interstate-commerce clause of the Constitution, which has caused so much discussion and concern in some quarters. That is not contemplated. There are many things that are not contemplated.

The fact of the business is that the language as contained in this bill, except for the language in an amendment adopted by our committee—I understand put in in the other body—was very carefully discussed, considered, and talked

about by the group at the White House, which included not only people from the Congress but from the executive branch of the Government, representatives of the Council of State Governments, and representatives of governors conference.

It does seem to me that while, as I say, anyone of us if we were charged with putting in our own words would do this a little differently and might get down to crossing i's and dotting t's, so to speak, this language just did not happen; it is the result of a great deal of careful study, the result of a lot of cooperative effort which started this whole operation; so it does seem to me that we should stick with the language adopted by the committee where, I understand, considerable thought and study was given to it, and go along with the measure as it was reported to the House.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California [Mr. CONDON] to the committee amendment.

Mr. CONDON. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. CONDON. Should not the vote come first on the Meader amendment?

The CHAIRMAN. No; as the Chair understands the parliamentary situation the Meader amendment is offered as a substitute for the committee amendment. The vote comes first on the Condon amendment.

The question is on the amendment offered by the gentleman from California, Mr. CONDON.

The amendment was rejected.

The CHAIRMAN. The question recurs on the substitute amendment offered by the gentleman from Michigan, Mr. MEADER.

The substitute amendment was rejected.

The CHAIRMAN. The question recurs on the committee amendment.

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the committee amendments.

The Clerk read as follows:

Committee amendment: Page 4, line 13, renumber subsection (b) as "subsection (c)."

The committee amendment was agreed to.

The Clerk read as follows:

Committee amendment: Page 4, line 24, after the word "places", strike out the balance of line 24 and all of line 25, and insert the following: "administer such oaths, and require, by subpoena or otherwise, the attendance and testimony of such witnesses and the production of such books, records, correspondence, memoranda, papers, and documents, as the Commission or such subcommittee or member may deem advisable. Subpenas may be issued under the signature of the Chairman of the Commission, of such subcommittee, or any duly designated member, and may be served by any person designated by such Chairman or member. The provisions of sections 102 to 104, inclusive, of the Revised Statutes (U. S. C., title 2, secs. 192-194), shall apply in the case of any failure of any witness to comply with any subpoena or to testify when summoned under authority of this section."

The committee amendment was agreed to.

The Clerk read as follows:

Committee amendment: Page 6, line 13, after the word "advisable", strike out the balance of line 13, all of line 14 to and including the word "laws" in line 15, and insert in lieu thereof "without regard to the provisions of the civil-service laws and the Classification Act of 1949, as amended."

The committee amendment was agreed to.

Mr. DODD. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. DODD: On page 2, line 25, after the word "Commission", insert "Provided, That 9 members shall be from the majority party and 6 members shall be from the minority party."

Mr. DODD. Mr. Chairman, I ask unanimous consent to change the figures in my amendment "9" and "6" to "8" and "7."

The CHAIRMAN. Is there objection to the request of the gentleman from Connecticut?

There was no objection.

Mr. HOFFMAN of Michigan. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. HOFFMAN of Michigan. Ever since the reading of the bill commenced I have had an amendment at the desk to page 2, line 20. I would like to know how we get to line 25 before we get to line 20.

The CHAIRMAN. The bill was considered as read and open to amendment. The gentleman's amendment, of course, will be next in order and the Chair will be glad to recognize the gentleman when this amendment is disposed of.

Mr. HOFFMAN of Michigan. Mr. Chairman, does not the Chair recognize members of the committee?

The CHAIRMAN. The Chair did not understand that the gentleman was seeking recognition.

Mr. HOLIFIELD. The gentleman is a member of the committee.

Mr. HOFFMAN of Michigan. And the subcommittee.

The CHAIRMAN. The Clerk will report the amendment as revised.

The Clerk read as follows:

Amendment offered by Mr. DODD: Page 2, line 25, after "Commission", insert "provided that 8 members shall be from the majority party and 7 members shall be from the minority party."

Mr. DODD. Mr. Chairman, I offer this amendment for several reasons.

First of all, the language of this amendment is in keeping with the spirit of this legislation.

I notice that the Members to be appointed to this Commission from the Congress are to be selected from both political parties. The bill specifically provides that the Speaker of the House shall select 3 Republicans and 2 Democrats. And it further specifically provides that the President of the Senate shall select 3 Republicans and 2 Democrats.

In my opinion this is good.

But this bill needs something more. As the language of the bill now stands, the President is authorized to name 15 members of this Commission, but no di-

rection is given him as is given the Speaker of the House and the President of the Senate that the 15 members whom the President appoints shall represent both major political parties of this country. My amendment will make it mandatory for the President to divide his 15 appointees between Democrats and Republicans.

This is not a partisan matter, and I completely agree with the distinguished majority leader [Mr. HALLECK] in his observations to that effect. If this great task is to be successfully conducted by this Commission, the help of Republicans and Democrats is required. If we accept this amendment we will be demonstrating conclusively that this is indeed a bipartisan matter. Strictly speaking, there is no Republican way to do this job and there is no Democratic way to do this job.

Besides these important considerations, this amendment which I offer will help the President of the United States. And let me point out that I have no doubt that he will select the best men he can get and I have full confidence in him to make such selections. And thus I say that my amendment is not offered because I have any doubt about his good intentions. Rather, I want to help him. The addition of this amendment will take pressure off the President of the United States, for he may very well be pressured by members of his own party, now in power after having been out of power for many years, to make political appointments to this Commission. Now I say this in no mean, cruel, or over-critical sense, but if this amendment is adopted, when political pressure is applied, the President can say, "I am sorry. Under the law I have to appoint so many Democrats as well as so many Republicans."

To make this Commission completely bipartisan is in keeping with our practice generally in the Federal Government. Most of our Commissions are bipartisan and are such by law. Why should not this one be bipartisan as well, and if it is going to have the color of bipartisanship, it should not be partly bipartisan, but rather, it should be completely and wholly bipartisan. This means that the Executive appointees should stand on the same level with the legislative appointees.

Now this is why I have offered this amendment. It is not intended to hinder or to delay the passage of this bill or to impede the legislation, for I think this is a good bill and I am for it and I intend to vote for it, but I want to get it wider acceptance on the floor of the House today and I want to get this program better acceptance for this Commission when it gets to work.

Let us get both Republicans and Democrats to put their shoulders to this wheel.

Mr. Chairman, I ask for favorable consideration of my amendment.

Mr. HOFFMAN of Michigan. Mr. Chairman, I offer an amendment to the amendment.

The Clerk read as follows:

Amendment offered by Mr. HOFFMAN of Michigan to the amendment offered by Mr.

DODD: After the first word "party" insert "that 5 of these 9 shall be from the Midwest."

(Mr. HOFFMAN of Michigan asked and was given permission to revise and extend his remarks.)

Mr. HOFFMAN of Michigan. Mr. Chairman, I agree with the gentleman from Connecticut so far as the purpose of his amendment is concerned. If we are going to have a commission it should be divorced from politics. I will ask the gentleman if that is the purpose of his amendment?

Mr. DODD. Yes.

Mr. HOFFMAN of Michigan. I will go along with that. In order that the 8 may accurately represent the majority party, 4 of them of the Republican 3 should come from the Midwest because there is such a wide difference of opinion between the factions, if I may so indicate, in the Republican Party, and I say that with regret. There is more of a difference of opinion between some Republicans than there is between some Republicans and some Democrats. So it seems to me that if we are going to get into politics in the appointment of the members of the commission, let us have the great Midwest represented.

I appeal to the author of the bill. He comes from the Midwest, the distinguished majority leader [Mr. HALLECK]. I appeal to the author of the next bill, the gentleman from Ohio [Mr. BROWN] also to leave that provision inserted in his bill. I think our section of the country, where the Republican thinking is so different from that on the eastern seaboard, should safeguard our interests because there is no telling what a commission the members of which come from the East might do, and if you will read this bill there is much danger in it. We do not know what a hand-picked commission might recommend. Suppose they come along and recommended that the Midwest shall feed those people who come in, say to New York from Puerto Rico, where would you be? You of the Midwest working to support people who insist upon living in a city. As followers of the administration, we would have to take it lock, stock, and barrel, hook, line, and sinker because the President recommended it, you know, the line it will be his commission that tells us what to do, and they, having made a great study and spent a lot of money getting the facts, we would have to swallow it—swallow it because the President's commission recommended it—an easy way to shirk our duty.

Mr. HOLIFIELD. Mr. Chairman, will the gentleman yield?

Mr. HOFFMAN of Michigan. I yield to the gentleman from California.

Mr. HOLIFIELD. Is it the intent of the gentleman's amendment to say that 5 Taft Republicans and 4 Eisenhower Democrats are to be appointed? Is that the intent of the gentleman's amendment?

Mr. HOFFMAN of Michigan. No, No; you do not have the amendment right. There are 8 Republicans.

Mr. HOLIFIELD. Yes, 9 Republicans. Five of them shall be Taft Republicans and four Eisenhower Republicans?

Mr. HOFFMAN of Michigan. Well, now, I do not know at the moment what the present differences between the Taft and Eisenhower Republicans may be. Only an expert politician can tell.

Mr. HOLIFIELD. I was merely seeking clarification.

Mr. HOFFMAN of Michigan. I am talking for my constituents.

Mr. CONDON. The amendment before us is 8 for the majority party and 7 for the minority party, and not 6.

Mr. HOFFMAN of Michigan. Well, whatever it is. I would like to have the Midwest represented on this commission, because they pay a lot of the taxes and they do not have very much to say about how that money is spent.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

Mr. HALLECK. Mr. Chairman, I rise in opposition to both amendments.

Mr. Chairman, I appreciate the sincerity of the gentleman from Connecticut and likewise the gentleman from Michigan in the amendments they have offered. The gentleman from Connecticut and some of his colleagues who are interested with him, I assume, discussed with me the matter of the 15 and what ought to be done about it. Now, may I say again to some of my friends on this side of the aisle who perhaps were not here when I spoke before, that back in 1950 we worked hard on what we called the statement of Republican principles and objectives. It subsequently was adopted and endorsed by the Republican National Committee. It was the beginning of the provision in the national platform in 1952 that had to do with this study.

Let me read it to you now, and I want my friends on the right to pay particular attention to this, because it is something that has to do with the matter of this amendment; this is the Republican declaration:

We urge the establishment of a nonpartisan Commission to study and recommend a sensible redistribution of governmental functions and sources of revenue between the Federal, State, and local entities, to secure the sovereignty of the several States with as much decentralization as is compatible with the national welfare.

Now, for those of us on our side of the aisle who subscribed to that, and those of us who were here in the last Congress did subscribe to it, I think we crossed the bridge as far as the creation of this Commission is concerned.

Now, as to the 8 to 7, originally it started out about a 9 to 6 division. Let me point out to my friends on the right that as far as we are concerned, and I know that this is what the President believes in, because he has so said to us, we do not want a partisan Commission; we want a nonpartisan Commission. I cannot think of anything that could be calculated to more quickly destroy the effectiveness of this Commission which again, may I say, if it does a good job, may be one of the greatest contributions to many of the difficulties confronting this Republic that we could possibly have—

Mr. FORAND. Mr. Chairman, if the gentleman will yield, I think this is the proper point where my question should

come to the gentleman, especially in view of his statement that this was to be a nonpartisan proposition. I agree with him it should be nonpartisan. Do we have his word for it that in making it nonpartisan the President is to select people of known political views who will devote themselves to this task on a nonpolitical basis, or is it going to be packed with just one group of men of like thinking?

Mr. HALLECK. I am glad the gentleman asked that, because that is what I was coming to. In respect to the Members from the House and the Senate, this follows the practice of time immemorial. I have no doubt, if we had left out the 3-2 division, that Speaker MARTIN, as far as we are concerned, would have made it 3 to 2 and would have taken the recommendation of the distinguished minority leader from Texas about who should serve on the Democratic side.

Now as to the 15, there is where we get into a different situation. As I undertook to point out originally, this bill started with a conference at the White House attended by certain representatives of the Governors' Conference. They have become increasingly vigorous in their demands that something along this line be done, and I might say to the gentleman that the great Committee on Ways and Means has undertaken certain studies along this very line. However, I think he would agree with me that the field to be covered is broader than that of taxation, hence this arrangement. Now, it is understood, because I was there when it was discussed, that the Governors themselves will recommend such of their number as they think should be on this Commission, and as there were two Democrats and two Republicans at the White House, then certainly I would assume that from that segment of the representation we would have a clear division. Now, then, the gentleman asks about the public members.

Mr. FORAND. May I ask the gentleman a question?

Mr. HALLECK. Yes.

Mr. FORAND. The gentleman said there were two Democratic Governors at the White House.

Mr. HALLECK. That is right.

Mr. FORAND. Those two Democrats that the gentleman named before do not represent the viewpoint of the majority of the Democratic Party, and that is just the point that I was trying to bring out before.

Mr. HALLECK. All right. Let me say this to the gentleman: It just so happens, as I understand, may I say to the gentleman, that those representatives were chosen by the governors' conference. As I remember it, they were not chosen for this particular assignment but they, as I understand, have been dealing with this whole problem.

The CHAIRMAN. The time of the gentleman from Indiana has expired.

Mr. McCORMACK. Mr. Chairman, I ask unanimous consent that the gentleman's time may be extended for 5 minutes.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. HALLECK. I yield.

Mr. McCORMACK. Who were the alleged Democratic governors who were there?

Mr. FORAND. The gentleman named the two earlier this afternoon, and I can repeat them if he does not care to.

Mr. HALLECK. I will be glad to name them. I have no allergy for them, and I think a lot of good Americans have no allergy for them. They were Governor Shivers, of Texas, and Governor Byrnes, of South Carolina.

Mr. FORAND. They both bolted the Democratic Party and voted for Eisenhower. They were Governor Shivers and Governor Byrnes.

Mr. HALLECK. That is right.

Mr. FORAND. They certainly have an allergy for Eisenhower.

Mr. HALLECK. No, apparently not—apparently not—and I am not complaining about that, the gentleman can well understand. I am sorry—I am deeply sorry this issue has arisen because again may I point out, and I am quite certain my information about it at that time was correct, and my recollection now is correct, that these gentleman had been working on some sort of a committee representing the governors' conference, and that they were just the people to be there. May I say to the gentlemen, since he brought it up, that I quoted your candidate for President, Mr. Stevenson, who has spoken time and again for the very things that are here advocated; and was it not before your committee that he appeared in support of this very sort of proposition?

Mr. FORAND. Mr. Chairman, will the gentleman yield?

Mr. HALLECK. Yes.

Mr. FORAND. Yes, that is true, but this is a new commission that is going to be set up. I would like to have Adlai Stevenson and men of his type on the commission, but if you leave it to the governors to select a group of governors to represent them there, and if the President is just going to take their recommendations, you may well have a group of so-called Democrats who believe in the Republican philosophy, and I say that is not giving us a fair break.

Mr. HALLECK. I do not know who the Governors are going to recommend. It might well be in view of what the gentleman has said that they might hesitate to recommend the ones who were there at the White House conference. I do not know. If the gentleman will permit me to be just a little facetious because this is getting to be just a little too serious—

Mr. FORAND. This is serious business.

Mr. HALLECK. Of course it is. Some operations in the political field, believe me, are occasionally a little confusing. I am not altogether sure about them. Let us get away from that and get back to the matter about who the 15 are going to be. As I said earlier, there was some criticism earlier that the 15 to 10 between the President's appointments and the Congressional appointments, seems to be out of line. But I

think that is easily explainable on the basis that among the Presidential appointments there must be representatives of the Governors' Council of State Governments, and we hope of municipal governments or subdivisions, to get all of the various attitudes in operation. In addition, I think it is necessary that some distinguished, outstanding American citizens of no particular political operation one way or the other be called to serve. Not that politics would bar anybody, because to my mind if a man is to be a good American he ought to be in some measure in politics—at least he ought to vote—but you are going to need a considerable number of people in that category if the Commission is to do the job that should be done.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. HALLECK. I yield.

Mr. McCORMACK. Mr. Chairman, let us assume that my friend was in the minority and had 213 members of his party elected to the Congress. First let me say that I am for this bill. I voted for it in committee.

Mr. HALLECK. I appreciate that. I understand that.

Mr. McCORMACK. I am not going to try to disturb the 15 for the President because I realize there is an exceptional situation which justifies it here. Suppose we were offering a resolution which is bipartisan—it will be 6 Democrats and 6 Republicans. If my friend was in the minority and this came before the House, would not my friend offer an amendment to try to assure a division of 8 and 7 with a representation in the House of 221 and 213 as between the political parties?

Mr. HALLECK. I may say honestly to the gentleman I do not think so.

The next resolution that is to come along is in effect a continuation of the Hoover Commission.

The CHAIRMAN. The time of the gentleman from Indiana has expired.

(By unanimous consent, Mr. HALLECK was granted 1 additional minute.)

Mr. HALLECK. When the Hoover Commission was created, the gentleman will recall that we had a Republican Congress and a Democratic President. To my mind, as far as I can recall, when there has been any distribution fixed, that was the only time when it was even on both sides. I think that was the reason for it, because it was a situation that does not exist today.

Just let me point this out again: I do not think it is desirable. I do not think it is necessary that as the President seeks some high grade, patrotic American, who is willing to work night and day on this job, that he put him on the green carpet and say, "Now, just which side of the political fence are you on?" or "Which side of the Democratic fence are you on?" Then certainly we would be getting into a lot of trouble.

As I say, I think the language here included is sufficient, and I hope the amendments are defeated.

The CHAIRMAN. The time of the gentleman from Indiana has again expired.

(By unanimous consent (at the request of Mr. RAYBURN) the gentleman from Indiana was granted 1 additional minute.)

Mr. RAYBURN. Does not the gentleman think that both parties should be represented on this committee of 15?

Mr. HALLECK. I am sure they should be and they will be.

Mr. RAYBURN. Will the gentleman undertake to try to see, with the influence that he has, that that is done?

Mr. HALLECK. I certainly shall.

The CHAIRMAN. The time of the gentleman from Indiana has again expired.

Mr. HOFFMAN of Michigan. Mr. Chairman, I ask unanimous consent to withdraw the amendment to the amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. HOLIFIELD. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I think the chairman of our committee, the gentleman from Michigan [Mr. HOFFMAN] did right in withdrawing that, because it was clearly out of order in that it referred to the No. 9 in the amendment, and the No. 9 has been changed to 8. Therefore, from a mathematical standpoint, if not from a parliamentary standpoint, it was out of order.

I was somewhat interested—I will put it that way—in the reading of one of the objectives of the Republican Party, by the gentleman from Indiana [Mr. HALLECK] which was to set up nonpartisan commissions to do this type of work.

Let us not be fooled by the objective that happened to be in the Republican campaign platform, because we know they had many objectives which they are not carrying out, which they are twisting, which they are using in a quite different manner from their campaign platform pledges.

Mr. HOFFMAN of Michigan. Mr. Chairman, will the gentleman yield?

Mr. HOLIFIELD. Will the gentleman allow me to just continue for a moment?

Mr. HOFFMAN of Michigan. Will you be specific about the things we have not done?

Mr. HOLIFIELD. I will be specific in regard to the legislation that is now before us.

This is not a nonpartisan commission. That is proven by the fact that on page 3, paragraphs 2 and 3, a very definitive distinction is made that 3 shall be from the majority party and 2 from the minority party. So that proves that it is not a nonpartisan commission, or it would have been changed and would have been 2 from the majority and 2 from the minority.

It does not follow the nonpartisan pattern of the Hoover Commission. So let us not be under any illusion about that. It is not a nonpartisan commission. If it is not a nonpartisan commission, I think the amendment offered by the gentleman from Connecticut, which seeks to establish a fair ratio between the 15 members, as well as the 5 members ap-

pointed by the President of the Senate and the 5 appointed by the Speaker of the House, is clearly in order. It is consistent with the balance of the bill. It seeks to maintain proportionately the difference between the Democratic and Republican membership in the House of Representatives. That would be what I would call a fair division in regard to representation on a partisan commission. Still it is not nonpartisan.

I think we have a right, as a minority party, to seek proportionate representation among the 15, as well as among the other 10 members. That proportionate representation happens to be, as close as we can figure it, 8 to 7. So I think the gentleman's amendment is in line with the rest of the bill. It is in line with the objectives of the bill, which is to set up a partisan commission, controlled by the Republican Party, and I have no quarrel with that if that is the way they want to work. They have the power and therefore they are entitled to the majority. But let us be very clear. This is a partisan commission and therefore let us make it as fairly partisan as possible.

I therefore support the gentleman's amendment that the Members be divided as nearly as possible 8 and 7, among the 2 parties. Thereby we will give the President protection against hungry job seekers in his own party that will want these 15 memberships. It will also give to the people of the country a little more proportionate representation between the two parties. I am sure it will carry out the objective of this bill, which is to set up a partisan commission to do certain things.

Mr. BROWNSON. Mr. Chairman, will the gentleman yield for a question?

Mr. HOLIFIELD. I shall be pleased to.

Mr. BROWNSON. If this is made a partisan commission with the division indicated, how will you get a city manager who is appointed on a strictly nonpolitical basis to serve on this Commission when he has to declare his politics?

Mr. HOLIFIELD. That is a problem, of course, that the gentleman will have to solve as a member of the majority. I have no concern about that.

Mr. BROWNSON. There is no problem with the bill as it is presently written.

Mr. HOLIFIELD. If the gentleman will not tell whether he is registered as a Democrat or a Republican he has no right to be appointed to the Commission.

Mr. BROWNSON. But there are many city managers who do not do that.

Mr. HOLIFIELD. According to the wording of the bill on page 3, a man has to be a member of either the majority or minority party; they have to make that known. I see no reason why these 15 members should not make known their party affiliation.

[Mr. EDMONDSON addressed the Committee. His remarks will appear hereafter in the Appendix.]

Mr. RAYBURN. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, I think this matter is going to be a bipartisan matter or it will be a partisan matter. I think if I were in control I would be willing to divide this membership of 15 somewhat along the lines of 5 from the Senate and 5 from the House appointed by the President of the Senate and the Speaker of the House of Representatives; and if that kind of arrangement is made I do not see why it would not be reasonable to say—and everybody would feel better, I know I would if it were a bipartisan thing, if we could divide this committee, say 9 and 6. Of course, if it were a committee of the House of Representatives I could not agree to that because of the closeness of the majority and the minority in the House; but I do think that way, and I am sure that the gentleman from Connecticut will be very willing to ask consent to modify his amendment to provide a ratio of 9 to 6; and I was just wondering if those in charge would not be willing for the sake of good feeling on this—we are all for this thing and we all want it to succeed, every Member of the House, we Democrats as much as those on the majority side—I was just wondering if those in charge would not be willing to accept a modification of the amendment to that effect? That is all I have to say.

Mr. HALLECK. Mr. Chairman, will the gentleman yield?

Mr. RAYBURN. I yield to the gentleman from Indiana.

Mr. HALLECK. Of course, the gentleman knows my high regard for him, and when he presents to me a proposition like he has, it is a difficult matter for me to reject it. As I said originally, we have gone over this matter carefully. I know as well as I know anything in the world, that the President in the appointment of these 15 people is going to see to it that the Democratic Party is represented. As to just what adverse effect there might be, possibly it is a little hard to spell out, because you have to determine the politics of some great public-spirited man who might be willing to go on this Commission and as a condition precedent to his going onto the Commission you have to catalog him. I do not know whether such a situation as that might arise. I do not know whether it will complicate matters. As I said, the gentleman from Texas knows of my high regard for him. He and I have cooperated here in minority and majority affairs many, many times, and we are going to continue to cooperate. I am going to continue to cooperate. But at the moment I am not prepared to say just what the solution ought to be.

May I say to the gentleman that if the amendment were revised to read 9 to 6 it might be satisfactory. This matter has to go to conference. If it should develop there that it would interfere with the creation of the Commission and the functioning of that Commission, I take it the matter can and will be adjusted. I am the author of the bill, and the bill is reported by the Committee on Government Operations.

As the gentleman knows, this whole matter had its inception in a broad understanding around the country that

has been finding expression time after time by both Democrats and Republicans that here is something that must be done. We are trying to do it.

Mr. RAYBURN. If the Senate leaves the bill as it is and the Senate passes it, there is nothing to go to conference on.

Mr. HALLECK. That is true.

Mr. RAYBURN. The gentleman talks about consultation. I certainly was never consulted about this bill or any of its provisions up to now, either by anyone in the majority or in the minority. I had no idea that something like this was coming along. I am just talking about what would make everybody feel a little better over. I think these things ought to be bipartisan, not partisan. It is either bipartisan or partisan.

Mr. HOFFMAN of Michigan. Mr. Chairman, will the gentleman yield?

Mr. RAYBURN. I yield to the gentleman from Michigan.

Mr. HOFFMAN of Michigan. I agree with what the gentleman has said. But I would think you ought to take care of the Midwest Republicans, too.

Mr. RAYBURN. That is exactly the idea I have in mind.

Mr. HOFFMAN of Michigan. Fine.

Mr. RAYBURN. I want to take care of all elements of the Republican Party, all 3 or 4 of them.

Mr. Chairman, I ask unanimous consent that the amendment offered by the gentleman from Connecticut [Mr. Dobb] and I do this with his approval, be modified so that where "8" appears in the amendment it be changed to "9" and that where "7" appears it be changed to "6."

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

The CHAIRMAN. The Clerk will report the amendment as modified.

The Clerk read as follows:

Amendment offered by Mr. Dobb: Page 2, line 25, after "Commission", insert "Provided, That 9 members shall be from the majority party and 6 members shall be from the minority party."

Mr. HALLECK. Mr. Chairman, I accept the amendment. If it is found this is going to have a serious effect, or there is objection, the matter can be adjusted either in the other body or in conference. I want this matter to proceed and I hope we can get on with it.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Connecticut [Mr. Dobb].

The amendment was agreed to.

Mr. HOFFMAN of Michigan. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HOFFMAN of Michigan: Page 2, line 20, strike out the word "twenty-five" and insert "fifteen"; and in line 22 strike out the word "fifteen" and insert "five" and on page 3, line 10, strike out "thirteen" and insert "ten."

Mr. HALLECK. Mr. Chairman, will the gentleman yield for a parliamentary inquiry?

Mr. HOFFMAN of Michigan. I yield to the gentleman from Indiana.

Mr. HALLECK. Mr. Chairman, the vote that was just had was on an amend-

ment. Was there an amendment to the amendment pending?

The CHAIRMAN. The Chair understood that the amendment to the amendment was withdrawn.

(Mr. HOFFMAN of Michigan asked and was given permission to revise and extend his remarks.)

Mr. HOFFMAN of Michigan. Mr. Chairman, this amendment was on the Clerk's desk and discussion of it should have preceded the other amendment because this is an amendment to reduce the number of the Commission. I am trying to change the membership of the Commission from 25 to 15. The other two sections further on provide that the President of the Senate shall appoint 5 and the Speaker of the House shall appoint 5.

My question is, Why, if this is to be a sort of a cooperative body, should the Executive Office appoint 15, 5 more than the Senate and House, as members of that Commission? Cooperation should be a two-way street. Should not the House and Senate have the same equality in expressing their views in making investigations? I can only repeat what was said before here earlier in the day that the House should be a little more jealous of its authority, of its prerogatives. It is bad enough to appoint a commission which will assume our duties, the duties of all the committees, but it is far worse to let the House and the Senate have but 10 and the President 15 members of the Commission.

Now, this argument we just had here about whether they would be Democrats or Republicans—that does not appeal to me very much, because I have noticed since January 3 that there does not seem to be, in the making of appointments, too much difference of opinion as to those who were appointed. I have had some difficulty in recognizing a Republican as an appointee, or recognizing an appointee as a Republican. I remember when a Democratic Member here, who was a member of our committee, the Committee on Government Operations, who was defeated in one of the States out here, was appointed to an office downtown. Apparently they thought he was a Republican, but he was not. He had been voting with the Democrats, the New Deal boys and the Fair Deal boys for 2 or 3 years here on the Hill, and yet the appointing forces down there in the White House never realized he was not a Republican. Now it is all right to disregard politics on a commission, perhaps, but what is the use of arguing about whether he is a Republican or a Democrat when sometimes the folks that appoint him cannot tell the difference?

Mr. HOLIFIELD. Mr. Chairman, will the gentleman yield?

Mr. HOFFMAN of Michigan. I yield to the gentleman from California.

Mr. HOLIFIELD. I agree with the gentleman there is confusion in some parts of the capital. However, the gentleman that my chairman refers to, as I understand, secured that position on his own merit, on a civil service basis, his qualifications as an administrator and as an educated man and it was in a

nonpartisan type of work in one of the agencies of the Government, which is strictly known to be nonpartisan, and passed the civil service examination and all that sort of thing—

Mr. HOFFMAN of Michigan. I cannot yield any more on that. I do not question the gentleman's ability. I never did question the gentleman's ability. He was a man of outstanding ability, outstanding service, but what you are trying to do, you are trying to fix it so that they must pin a label on a fellow naming him a Republican or a Democrat before he is appointed and until we get a better judge of political complexion—will you get the point?

Mr. HOLIFIELD. That is done in the bill here on page 3, in two categories, and, of course, I am just trying to make the other category consistent with two that are labeled 3 to 2, Republican and Democrat. I am trying to straighten out the legislation.

Mr. HOFFMAN of Michigan. Now, let me talk a little bit. My point is, as long as they have so much difficulty in determining whether the prospective appointee is a Republican or a Democrat, what is the use of going to the bother about trying to pin a label on him?

Mr. WALTER. Mr. Chairman, will the gentleman yield?

Mr. HOFFMAN of Michigan. Yes; I yield to my distinguished friend, the former chairman of the Committee on Immigration, who wrote such a wonderful bill here, in conjunction of course with our friend, the gentleman from Pennsylvania [Mr. GRAHAM]. You did a fine job, and I hope it is not amended. It was the result of a long and thorough study of the issues involved. The gentleman's committee held extended impartial hearings, had them printed, reached sound conclusions and came up with a bill which both Houses accepted. It was a fine technical job, a just bill and I hope the gentlemen who wrote it receive credit for their work.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

The question is on the amendment offered by the gentleman from Michigan [Mr. HOFFMAN].

The amendment was rejected.

Mr. RAYBURN. Mr. Chairman, what amendment did we vote upon just then?

The CHAIRMAN. That was the amendment offered by the gentleman from Michigan, the chairman of the committee.

Mr. RAYBURN. I thought I heard most of the Republicans vote "no."

Mr. HOFFMAN of Michigan. Mr. Chairman, I offer another amendment.

Mr. HALLECK. Mr. Chairman, may I inquire of the gentleman from Michigan how many amendments he has?

Mr. HOFFMAN of Michigan. I have five more. As long as I am taking your figure, I do not see why you will not let me talk.

Mr. HALLECK. I guess that is a good deal.

Mr. HOFFMAN of Michigan. I think so.

The Clerk read as follows:

Amendment offered by Mr. HOFFMAN of Michigan: Page 4, line 21, strike out the words "or member thereof."

(Mr. HOFFMAN of Michigan asked and was given permission to revise and extend the remarks he made today.)

Mr. HOFFMAN of Michigan. Mr. Chairman, now if I may have the attention of the gentleman from Texas, our former Speaker, the gentleman made the comment after I had finished my argument on the last amendment that he noticed most of the Republicans voted against it. Well, after 20 years under your rule from the Speaker's desk, do you not think that even they have learned that it is a good thing to keep their members in the party, if they can? The party of the gentleman has been doing just that for 10 these many years.

Mr. Chairman, now back to this amendment. If you get the bill, on page 4 you will find these words:

The Commission or, on the authorization of the Commission, any subcommittee or member thereof, may, for the purpose of carrying out the provisions of this act, hold such hearings and sit and act at such times and places, administer such oaths, and require, by subpoena or otherwise, the attendance and testimony of such witnesses—

And so forth. My amendment proposes to strike out the words "or member thereof."

Now think of writing into a bill which gives the commission authority to subpoena witnesses, administer oaths, and if witnesses refuse to answer or answer falsely, power to institute prosecutions for perjury or contempt, the authority to permit any member of a 25-member committee to go off by himself and hold hearings. Is not that something? That shows you how the House sometimes will get ready to accept legislation which is extremely dangerous. Here you are giving this commission, or other provisions of the bill propose to give this commission, an unlimited sum of money. I will try to correct that by another amendment. There is no limitation on the funds we voted to them. There is no limitation on the authority. If you will look on page 5, you will see that certain statutes punishing criminal acts are applicable here, and those who are called by this commission or any one member of the commission are subject to those statutes. In fairness I ask you—time and time again this House has objected to investigations by one man, and sometimes by committees. Here you are authorizing a commission to send one member out any place in the continental United States and snoop into your books, and if you refuse to meet his demands, or if you make a false statement, you may be prosecuted for perjury. That is not all of it. You all recall the Christofel case. The Committee on Labor and Education reported that case. The man was convicted and the case was reversed because it did not affirmatively appear that a quorum was present. How can 1 man be a quorum of a 25-man commission, especially when in another section of the bill, which I will point out later, it expressly states that 13 is a quorum? Have you ever seen a bill that was as full of holes as this one and as inconsistent as this bill is? I know the gentleman from Indiana never drew this bill; he is too good a lawyer to draw a bill like this.

Mr. HOLIFIELD. Mr. Chairman, what words will the gentleman strike out?

Mr. HOFFMAN of Michigan. I would strike out the words "or member thereof."

Mr. Chairman, I do not believe there is a Member of the House, when you stop to think about it, who wants 1 man of a 25-man commission to go around clothed with all the legislative power of the Congress of the United States to subpoena and interrogate witnesses.

Mr. Chairman, I ask for support of the amendment.

I hope the committee will accept the amendment.

Mr. HOLIFIELD. Mr. Chairman, I rise in support of the gentleman's amendment, and I do so in all sincerity. Two or three years ago, by the authority of the chairman of the Committee on Government Operations, I accompanied counsel of our staff and the director of our staff to California to take some depositions. I did take those depositions, and I was subsequently criticized, and I believe there was some basis in criticizing that basis of procedure.

Mr. HOFFMAN of Michigan. Mr. Chairman, will the gentleman yield?

Mr. HOLIFIELD. I yield.

Mr. HOFFMAN of Michigan. I did not have that in mind when I was talking.

Mr. HOLIFIELD. No; but I want to say this. That the gentleman who is now chairman of the committee criticized me for taking those depositions. At the time I took them, I was acting in good faith under the authority of the chairman of the committee, and I certainly intended no wrong doing. But I have come to the conclusion since that time that it is unwise for any Member of the House to sit as a subcommittee or to put himself in the position of exercising alone the authority of the Congress, particularly in regard to the issuance of subpoenas without the sanction of a quorum of his subcommittee or of a quorum of the full committee as the rules of the House may prescribe.

So, in all sincerity, I support the gentleman's amendment, because I believe it is fundamentally sound.

The CHAIRMAN. The time of the gentleman from California has expired.

Mr. HALLECK. Mr. Chairman, I rise in opposition to the amendment.

I think, in the first place, it ought to be pointed out, where reference has been made to the subpoena power and administering of the oath, that is contained in a committee amendment. I was consulted about that before it went in, by the action of the committee. I pointed out that, in my opinion, I could not conceive of any circumstance where by subpoena you could get any information that would help this committee that you could not get without a subpoena.

This is not the investigatory sort of an operation that is contemplated by some committees. This is a matter of obtaining information from people who are going to testify voluntarily. So I cannot conceive of any circumstance under which a subpoena would be required.

This Commission has only a short time in which to report, to get its work done.

It is going to take some time to get it organized. I can well understand how in getting information in one city or another, the Commission could well designate a member of the Commission to go out and conduct hearings and to make the record and have the record written up, and bring it back for the consideration of the Commission itself.

I cannot see how any violence is going to be done here. Of course, if you worry about one person taking a hearing, that is something else. Why, all through the administrative branch of the Government there are quasi-judicial or quasi-legislative commissions in which they designate hearing examiners who go out and take testimony. Of course, if you go into a court of law, generally you are before just one judge.

I hold with the gentleman from Michigan [Mr. HOFFMAN], that in the ordinary investigative work of a committee of Congress, where it is contemplated that subpoenas would be utilized, it might well be that you would not want to have just one person as the representative of the body. But I do not conceive this to be that sort of an operation.

I do not want to have anything written in here that will interfere with the expeditious, orderly, and efficient working of the Commission. I hope the amendment will be defeated.

The CHAIRMAN. The question is on the amendment.

The amendment was rejected.

Mr. HOFFMAN of Michigan. Mr. Chairman, I offer an amendment which is at the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. HOFFMAN of Michigan: On page 4, line 24, strike out the word "administer"; and on page 5, strike out lines 1 to 13, inclusive.

Mr. HOFFMAN of Michigan. Mr. Chairman, seldom have I seen an argument equal to that just given by my own leadership in an effort to impose its will upon the House. I hate to say that, but it is the absurdity of the argument of the gentleman from Indiana [Mr. HALLECK]—the utter absurdity of it that forces me to speak. I dislike to be personal, I will not be personal, but I do not propose to be characterized as one who does not know what he is doing. The gist of the gentleman's argument was that "any member thereof" meaning a member of the Commission was not given the power of subpoena.

Let me read this to you:

The Commission or, on the authorization of the Commission, any subcommittee or member thereof—

Now the gentleman said that "or member thereof" had nothing to do with a subpoena—

or any member thereof, may, for the purpose of carrying out the provisions of this act, hold such hearings and sit and act at such times and places, administer such oaths, and require, by subpoena or otherwise, the attendance and testimony of such witnesses and the production of such books, records, correspondence—

And so on—

as the Commission or such subcommittee or member may deem advisable.

What is the use of standing here and arguing to a group of supposedly intelligent people that that little group of words on page 4—"subcommittee or member thereof"—does not apply to the powers granted on page 5, when it expressly says—and I will read it again: "the attendance and testimony of such witnesses and the production of such books, records, correspondence, memoranda, papers, and documents as the Commission or such subcommittee or member"—I repeat, or any member—"may deem advisable."

Let us not be under any false impression as to what is going on here. That bill, if adopted, if enacted into law, authorizes any member of that Commission to go by subpoena into your office or home or my home and search for these papers, and require you to appear at a place designated, and bring those papers with you and submit yourselves to interrogation.

I say that that is a grant of power which I have heard the gentleman from Indiana [Mr. HALLECK] and many other Members of this House bitterly condemn here from the well of the House. As I said before, the Ways and Means Committee, the Committee on Government Operations of the Senate and the House, the latter were only recently granted authority by the Executive to look at income-tax returns with the understanding that its power would be most sparingly used and never unless there were some apparent open justification for it; yet, here the House is granting authority to a Commission of 25 members, 15 appointed by the President, to go into all sorts of places, including your home, your office, your safety-deposit box, your pocket, even, and ask you to produce papers, come before one member and bare your soul, or stand in fear of contempt proceedings. I say it is an outrage. The amendment should be adopted.

Mr. HALLECK. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, it is quite evident that the gentleman from Michigan has a lesser regard for me than I do for him.

Mr. HOFFMAN of Michigan. No; that is not so.

Mr. HALLECK. I think it is quite true. If he had paid a little more attention to the amendment I do not think he would have offered it because it seeks to strike out an amendment the committee just wrote into the bill, so it is clearly out of order; and if I had been paying a little more attention at the time it was offered I would have made a point of order against it. The amendment was put in the bill as a committee amendment providing the subpoena power. I did not object strenuously to its going in because I could not conceive of any circumstance in the case of a commission of this kind where you could get anything of any value by a subpoena that you could not get by asking for it, and all this talk of going into peoples' homes and grabbing papers is groundless.

The committee has acted on the amendment; they have written it in the bill, and I say that action ought to stand.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan.

The amendment was rejected.

Mr. HOFFMAN of Michigan. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HOFFMAN of Michigan: Page 5, lines 14 through 21, strike our subsection (b).

Mr. HOFFMAN of Michigan. Mr. Chairman, I am sorry the gentleman from Indiana [Mr. HALLECK] thinks I have not the proper regard for him; I assure him I have. I respect his ability his integrity. But even mutual respect does not require either of us to cease thinking or forming conclusions. There is not a thing personal in my remarks. He is a lawyer and so am I; and as a lawyer I am accustomed—and I assume he is—to fighting battles in the courtroom and then going out to dinner with my opponent afterwards; and I hope that is true of our congressional battles also. If each of us cannot follow and voice his own sincere convictions then we better devise a system of giving all promises to a leader or spokesman.

I call your attention to the language on page 5 that this amendment deals with, subsection (b)—and I am very sorry my colleague gets disturbed just because I criticize a little bit—not him personally but the way a bill of which he says he is the author is drafted. A lawyer ought to be disbarred if he cannot take a little criticism. I have had a lot of it in my time and it was not all pleasant—but, then, I did not believe it all, either.

Listen to this language:

(b) The Commission is authorized to secure from any department, agency, or independent instrumentality of the executive branch of the Government any information it deems necessary to carry out its functions under this act; and each such department, agency, and instrumentality is authorized and directed to furnish such information to the Commission, upon request made by the Chairman or by the Vice Chairman when acting as Chairman.

That is a grant of authority which is denied every one of the standing and special committees of the House except two. I do not care particularly to argue it. It is another grant of arbitrary power to this Commission to secure information from any executive department. Which is not given to some standing committees of Senate and House.

We have a statute that protects tax returns. If this becomes a law, having been passed subsequent to that statute what would you think? Would this Commission have the right to go in and get your tax returns? Read it for yourself and make answer. This amendment should be adopted; the section should be rewritten.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan.

The amendment was rejected.

Mr. HOFFMAN of Michigan. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HOFFMAN of Michigan: Page 5, line 24, after the word "amounts", insert: "not exceeding \$100,000."

Mr. HOFFMAN of Michigan. Mr. Chairman, this is supposed to be an economy Congress. My distinguished colleague from Indiana, our majority leader for whom I have the highest respect, read from the party platform a little while ago. I do not recall that he read anything that is there about economy or about balancing the budget. I do not know that it is there because frankly I have never read it. Someone said that platforms were a collection of promises devised to get votes. The longer I live, the more truth I see in that statement.

I noticed in the CONGRESSIONAL RECORD, in the debate from the other side of the Capitol that there was inserted the words "applause" and "laughter." As I understand it, the Speaker of the House has ruled that those expressions in the RECORD are not in order and you cannot, therefore, get them printed. I am sorry I cannot on this occasion get that applause in the RECORD. It might indicate that I had some support.

Mr. Chairman, under this section it is stated:

There are hereby authorized to be appropriated such amounts as may be necessary to carry out the provisions of this act.

Did you ever see anything like that before? The amendment I have offered would make it read:

There are hereby authorized to be appropriated such amounts not exceeding \$100,000 as may be necessary to carry out the provisions of this act.

Should there not be some limitation? I do not remember what the Hoover Commission had but there should be something in there along that line. When we gave President Roosevelt that blank check for I think it was a billion dollars or whatever it was, we at least put a limitation on it though it was close to the sky.

The majority leader has said that this is the first bill with his name on it that he ever got through. I would like to get through an amendment some time and this seems close to the proper time and I think in fairness the gentleman from Indiana, our majority leader, if he does not want to accept \$100,000 will let me amend it to provide for, oh, \$500,000 and then accept that amendment. I would like to offer that amendment if the gentleman will accept it. If not, I will have to ask you to vote on the one I have offered.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan [Mr. HOFFMAN].

The question was taken; and on a division (demanded by Mr. HOFFMAN of Michigan) there were—ayes 31, noes 70.

So the amendment was rejected.

Mr. HOFFMAN of Michigan. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HOFFMAN of Michigan: On page 7, line 1, after the word "Director", insert the words "not exceeding \$15,000."

Mr. HOFFMAN of Michigan. Mr. Chairman, these amendments have been offered not with any expectation that they would be adopted but just to have a record on the matter so that hereafter in some debate that may arise I will be able to follow the party line and quote the party position.

This amendment applies to a section beginning line 23, page 6, reading:

Without regard to the civil-service and classification laws, the Commission may appoint and fix the compensation of a Director who shall perform such duties as the Commission shall prescribe.

My amendment would place after the word "Director" the words "not to exceed \$15,000." It would fix his compensation at not to exceed that amount. The top which a committee may pay its chief of staff its chief investigator is \$11,646. A Congressman gets \$15,000 and pays his own expenses. There is no limit on what the Commission may pay its Director—and he draws his expenses. I am not so much concerned about the \$15,000. I would like to have some sort of limitation on what the director shall be paid. This being an economy administration, one devoted to balancing the budget, it seems a little out of line to permit a commission to appoint a director and to fix his compensation without any limitation. If there is a member of this committee who ever voted for legislation which permitted a commission or any other group or agency or department of Government to fix the compensation of the head of it without any limitation as to amount, I would like to be advised when it was and what it was all about.

Now I challenge the membership of this House to point out now or subsequently in the RECORD to point out where such procedure was followed. How will it sound and how will it appear to our constituents if we vote here to let a Commission—to let a Commission, not the Committee on Appropriations, not the House, not a committee of the House, but a Commission entirely outside, not only appoint but fix, leaving to us, of course, to comply with it as well, the salary of the man it appoints and over whom we have no control. Did you ever hear of anything like that? This bill and the action of the House on it shows how far the House of Representatives will go in abdicating its authority so that it may go along with an administration. Now I am for the President and his administration but that does not mean and it does not follow that I surrender all of my principles or all of my common sense or that I do not reserve the right to disagree when to me an act appears to be wrong. This amendment should be adopted.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan [Mr. HOFFMAN].

The question was taken; and on a division (demanded by Mr. HOFFMAN of Michigan) there were—ayes 56, noes 40.

So the amendment was agreed to.

The CHAIRMAN. Are there any further amendments? If not, under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair,

Mr. REECE of Tennessee, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H. R. 4406) to establish a Commission on Governmental Functions and Fiscal Resources, pursuant to House Resolution 266, he reported the bill back to the House with sundry amendments adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment? If not, the Chair will put them in gross.

The amendments were agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The bill was passed.

The title was amended so as to read: "A bill to establish a Commission on Intergovernmental Relations."

A motion to reconsider was laid on the table.

Mr. HALLECK. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (S. 1514) to establish a Commission on Intergovernmental Relations.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

The Clerk read the Senate bill, as follows:

Be it enacted, etc.—

DECLARATION OF PURPOSE

SECTION 1. Because existing confusion and wasteful duplication of functions and administration pose a threat to the objectives of programs of the Federal Government shared in by the States including their political subdivisions, because the activity of the Federal Government has been extended into many fields which, under our constitutional system, are the primary interest and obligation of the several States and the subdivisions thereof, and because of the resulting complexity of intergovernmental relations, it is necessary to study the proper role of the Federal Government in relation to the States and their political subdivisions, with respect to such fields, to the end that these relations may be clearly defined and the functions concerned may be allocated to their proper jurisdiction. It is further necessary that intergovernmental fiscal relations be so adjusted that each level of Government discharges the functions which belong within its jurisdiction in a sound and effective manner.

COMMISSION ON INTERGOVERNMENTAL RELATIONS

SEC. 2. (a) For the purpose of carrying out this act there is hereby established a Commission to be known as the Commission on Intergovernmental Relations, hereinafter referred to as the "Commission."

(b) The Commission shall be composed of 25 members, as follows:

(1) Fifteen members appointed by the President of the United States, from among whom the President shall designate the Chairman and the Vice Chairman of the Commission;

(2) Five members appointed by the President of the Senate, 3 from the majority party, and 2 from the minority party; and

(3) Five members appointed by the Speaker of the House of Representatives, 3 from the majority party, and 2 from the minority party.

(c) Any vacancy in the Commission shall not affect its powers, but shall be filled in the same manner in which the original appointment was made.

(d) Thirteen members of the Commission shall constitute a quorum, but a lesser number may conduct hearings.

(e) Service of an individual as a member of the Commission or employment of an individual by the Commission as an attorney or expert in any business or professional field, on a part-time or full-time basis, with or without compensation, shall not be considered as service or employment bringing such individual within the provisions of section 281, 283, 284, 434, or 1914 of title 18 of the United States Code, or section 190 of the Revised Statutes (5 U. S. C. 99).

DUTIES OF THE COMMISSION

SEC. 3. (a) The Commission shall carry out the purposes of section 1 hereof.

(b) The Commission shall study and investigate all of the present activities in which Federal aid is extended to State and local governments, the interrelationships of the financing of this aid, and the sources of the financing of governmental programs. The Commission shall determine and report whether there is justification for Federal aid in the various fields in which Federal aid is extended; whether there are other fields in which Federal aid should be extended; whether Federal control with respect to these activities should be limited, and, if so, to what extent; whether Federal aid should be limited to cases of need; and all other matters incident to such Federal aid, including the ability of the Federal Government and the States to finance activities of this nature.

(c) The Commission, not later than March 1, 1954, shall submit to the President for transmittal to the Congress its final report, including recommendations for legislative action; and the Commission may also from time to time make to the President such earlier reports as the President may request or as the Commission deems appropriate.

HEARINGS; OBTAINING INFORMATION

SEC. 4. The Commission or, on the authorization of the Commission, any subcommittee or member thereof, may, for the purpose of carrying out the provisions of this act, hold such hearings and sit and act at such times and places, and take such testimony, as the Commission or such subcommittee or member may deem advisable.

(b) The Commission is authorized to secure from any department, agency, or independent instrumentality of the executive branch of the Government any information it deems necessary to carry out its functions under this act; and each such department, agency, and instrumentality is authorized and directed to furnish such information to the Commission, upon request made by the Chairman or by the Vice Chairman when acting as Chairman.

APPROPRIATIONS, EXPENSES, AND PERSONNEL

SEC. 5. (a) There are hereby authorized to be appropriated such amounts as may be necessary to carry out the provisions of this act.

(b) Each member of the Commission shall receive \$50 per diem when engaged in the performance of duties vested in the Commission, except that no compensation shall be paid by the United States, by reason of service as a member, to any member who is receiving other compensation from the Federal Government, or to any member who is

receiving compensation from any State or local government.

(c) Each member of the Commission shall be reimbursed for travel, subsistence, and other necessary expenses incurred by him in the performance of duties vested in the Commission.

(d) The Commission may appoint and fix the compensation of such employees as it deems advisable in accordance with the provisions of the civil-service laws and the classification laws.

(e) The Commission may procure, without regard to the civil-service laws and the classification laws, temporary and intermittent services to the same extent as is authorized for the departments by section 15 of the act of August 2, 1946 (60 Stat. 810), but at rates not to exceed \$50 per diem for individuals.

(f) Without regard to the civil-service and classification laws, the Commission may appoint and fix the compensation of a Director who shall perform such duties as the Commission shall prescribe.

TERMINATION OF THE COMMISSION

SEC. 6. Six months after the transmittal to the Congress of the final report provided for in section 3 of this act, the Commission shall cease to exist.

Mr. HALLECK. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HALLECK: Strike out all after the enacting clause and insert the provisions of the bill H. R. 4406, as amended.

The amendment was agreed to.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

By unanimous consent, the proceedings whereby the bill H. R. 4406 was passed were vacated, and the bill was laid on the table.

MONDAY HOLIDAYS

(Mr. HAND asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. HAND. Mr. Speaker, may I call to the attention of the House the resolution which I introduced on January 6 of this year, which was thereupon referred to the Committee on the Judiciary. It is House Concurrent Resolution 14, which reads as follows:

House Concurrent Resolution 14

Resolved by the House of Representatives (the Senate concurring), That it is hereby declared to be the sense of the Congress that the several States should take action, wherever it is appropriate, to bring about the observance of holidays on the Monday nearest to the day on which each such holiday actually occurs, in order that the people may derive the greatest possible benefit from their observance. The President is authorized to communicate this declaration to the governors of the several States and to request them to take appropriate action to bring about such observance.

This resolution does not apply to religious holidays.

In the last Congress I introduced a bill with a similar purpose, which provided for direct congressional action, but I began to have doubts as to the constitutional rights of Congress to legislate on the subject and, therefore, concluded that the present bill declaring the sense of Congress might be helpful.

It has always seemed to me to be unreasonable that both business and labor should be the victims of holidays falling haphazardly and on inconvenient days. A holiday in the middle of the week is of little use to the workingman, and, of course, it is notorious that it is very disruptive of business and production. I see no reason why we should not control holidays for our convenience.

You will note that my bill excludes religious observances.

The Philadelphia Bulletin has recently published an editorial on this subject which is worth noting, and is herewith included:

SUMMER'S LONG WEEKEND

It happens every few years that two of summer's important holidays, Memorial Day and the Fourth of July, fall on Saturdays or Sundays, as they do this year. In tougher times than these this usually meant that a lot of people lost a holiday from their daily labors.

But by increasing custom the collision of a holiday with Saturday or Sunday is compensated by an extra day off, either the preceding Friday or the following Monday. This year, in some big offices and factories, half shifts are working today, and the other half will be on the job on Monday, while many organizations close down completely on one day or the other.

This means a long holiday, of which there will be four this year, including the Labor Day and Christmas weekends. This occasional coincidence of the calendar gives support and encouragement to the idea that all the important anniversaries of the year, with possible exception of Thanksgiving, might be profitably celebrated on Mondays.

Today and until Monday evening the highways are likely to be crowded with people going places or hurrying home, some of them taking chances on ruining the weekend with a traffic accident. But a far greater number will happily stay at home, which is by no means the worst place to spend a long weekend at summer's beginning.

I have discussed this bill with the committee, and it is my understanding that the gentleman from Ohio [Mr. McCULLOCH], who is the chairman of the subcommittee, plans an eventual hearing. I hope the bill will receive the support of the committee and membership of the House.

CORRECTION OF RECORD

Mr. FERNANDEZ. Mr. Speaker, I ask unanimous consent that yesterday's RECORD be corrected at page 6143, line 47, first column, by striking out the words "I know I was against it," which I am quoted as saying, and inserting in lieu thereof the words "I know I am not against it," which is what I actually said.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

H. R. 3770

(Mr. HOFFMAN of Michigan asked and was given permission to address the House for 1 minute.)

Mr. HOFFMAN of Michigan. Mr. Speaker, I take this occasion to ask a question of the majority leader. What has become of the bill (H. R. 3770) to amend the act of December 23, 1944, authorizing certain transactions by dis-

BILLS INTRODUCED - June 26

7. PUBLIC LANDS. S. 2225, by Sen. Cordon, and H. R. 5958, by Rep. Ellsworth, "relating to the administrative jurisdiction of certain public lands in the State of Oregon"; to Interior and Insular Affairs Committees (pp. 7583, 7628).
8. FOREIGN AID. H. R. 5954, by Rep. Judd, to authorize CCC to transfer certain surplus commodities to ISA for sale to countries participating in the mutual security program; to Agriculture Committee (p. 7628).

HOUSE - June 27

9. TAXATION. The Rules Committee reported a resolution for consideration of H. R. 5899, to continue the excess-profits tax until Dec. 31, 1953 (p. 7707).
10. TEMPORARY APPROPRIATIONS. Passed with amendment H. J. Res. 287, making temporary appropriations for the fiscal year 1954, which had been reported without amendment earlier in the day (pp. 7719, 7753-4) (H. Rept. 681). Chairman Taber said: "...this is a joint resolution introduced for the purpose of providing appropriations which it has not been possible to enact into a law to keep the Departments and Agencies of the Government in operation for the month of July. We have provided that the lower amount adopted by either body shall govern where there is a difference, and both Houses have passed the bill. We have provided that where a bill has only passed one body, that the amount that the House has provided, the lower amount of the House provision or the budget, should govern. We have prohibited embarking upon new projects unless they are included in both bills."
11. DEFENSE APPROPRIATIONS. The Appropriations Committee reported without amendment H. R. 5969, the Defense Department appropriation bill for 1954 (H. Rept. 680) (p. 7719).
12. COMPTROLLER GENERAL. The Government Operations Committee reported with amendment H. R. 5228, to amend Sec. 303 of the Budget and Accounting Act relating to the term of office of the Comptroller General (H. Rept. 684) (p. 7761).
13. FARM LOANS. Passed without amendment H. R. 5456, to extend to June 30, 1954, the direct home and farmhouse loan authority of the Veterans' Administration under title III of the Servicemen's Readjustment Act and to authorize increased interest rates on such loans (pp. 7719-20, 7729-30).
Passed with amendment S. 1993, to amend the National Housing Act and the Servicemen's Readjustment Act with respect to maximum interest rates, authorizing increases from 4% to 4½% (pp. 7733-4).
14. PERSONNEL LEAVE. Agreed to, 269-65, the conference report on H. R. 4654, to repeal the Thomas leave rider and amend the Annual and Sick Leave Act (pp. 7720-9). This bill will now be sent to the President.
15. WEATHER RESEARCH. Laid on the table H. Res. 283, directing the Commerce Department to furnish information about the effect of atomic explosions on the weather (pp. 7729, 7731). The resolution had been reported adversely earlier in the day (p. 7761). This action was taken because the information had been furnished.
16. INTERGOVERNMENTAL RELATIONS. Agreed to the Senate amendment to the House amendment to S. 1514, to establish a Commission on Intergovernmental Relations (p. 7731). This bill will now be sent to the President.

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued June 29, 1953
For actions of June 26 and 27, 1953
83rd-1st, Nos. 117 and 118

CONTENTS

Adjournment.....12,30	Fertilizer.....23	Research.....5,15,43
Alaska.....4,33	Foreign aid.....8,24,45	Surplus commodities.....8
Banking and currency....40	Forestry.....43	Tariffs.....37
Appropriations.....	Interest rates.....37	Taxation.....9,42
.....1,10,11,22,27,28	Lands.....33	Textiles.....38
CCC.....8	grazing.....36,41	Trade, foreign.....2,46
Comptroller general.....12	public.....7	TVA.....39
Cotton.....38	Legislative program....17	Water facilities.....31
Drought relief.....25	Livestock.....32	Water resources.....29
Electrification...23,26,29	Loans, farm.....13,21	Weather.....5,15
Emergency powers.....3	Organization,	Wheat.....34,45
Expenditures.....42	executive....16,18,19	Wheat agreement.....20
Extension service.....44	Personnel.....6,14	Wool.....38
Farm policy.....35		

HIGHLIGHTS: Senate passed bills on Interior appropriations, Commission on Organization, and Army flood control. House passed temporary appropriations measure, and Senate committee reported it. House took final legislative action on leave and intergovernmental-relations bills. House passed farm-loans bills. Senate committee reported trade-agreements bill. House committee reported Alaska statehood bill.

SENATE - June 26

1. **APPROPRIATIONS.** Passed with amendments H. R. 4828, the Interior Department appropriation bill for 1954 (pp. 7575-82). Senate conferees were appointed (p. 7581). Began debate on H. R. 5376, the Army civil functions appropriation bill for 1954 (p. 7583).
2. **TRADE AGREEMENTS.** The Finance Committee reported with amendments H. R. 5495, to extend and amend the Reciprocal Trade Agreements Act (S. Rept. 472)(p. 7583).

HOUSE - June 26

3. **EMERGENCY POWERS.** Passed without amendment H. J. Res. 285, to continue certain emergency powers from July 1 to Aug. 1, 1953, which had been reported earlier in the day without amendment by the Judiciary Committee (H. Rept. 679)(pp. 7587, 7627).
4. **ALASKA STATEHOOD.** The Interior and Insular Affairs Committee reported with amendment H. R. 2982, to provide for Alaska statehood (H. Rept. 675)(p. 7627).
5. **WEATHER RESEARCH.** The Armed Services Committee reported without amendment H. Res. 280, directing the Federal Civil Defense Administration to report on the effect of atomic explosions on the weather (H. Rept. 641)(p. 7627).
6. **HANDICAPPED PERSONS.** Rep. Perkins spoke in favor of a Federal Agency for Handicapped (p. 7588).

17. ADJOURNED until Mon., June 29 (p. 7761). Legislative program for this week, as announced by the majority leader: Mon., excess-profits tax; Tues., VA office in Philippines, post office bill, and Interparliamentary Union; remainder of week, Defense Department appropriation bill; conference reports at any time (pp. 7719-20).

SENATE - June 27

18. REORGANIZATION. Concurred in the House amendment to S. 106, to establish a Commission on Governmental Operations (pp. 7636-7). This bill will now be sent to the President.
19. INTERGOVERNMENTAL RELATIONS. Agreed to the House amendment to S. 1514 with a further amendment (p. 7636). (See item 16 of this Digest for later action.)
20. WHEAT AGREEMENT. Received from this Department a proposed bill to amend the International Wheat Agreement Act of 1949; to Foreign Relations Committee (p. 7630).
21. FARM LOANS. Received from this Department a proposed bill to make permanent the farm-housing loan authorization of the Housing Act of 1949; to Banking and Currency Committee (p. 7630).
22. TEMPORARY APPROPRIATIONS. The Appropriations Committee reported without amendment H. J. Res. 287, making temporary appropriations for the fiscal year 1954 (S. Rept. 474). Sen. Bridges requested immediate consideration, but Sen. Gore objected and asked that the measure go over until today. (p. 7686.) (See item 10 of this Digest for House action on the measure.)
23. ELECTRIFICATION; FERTILIZER. Sen. Morse criticized the administration's electric power policies and inserted a statement by USDA officials on fertilizer (pp. 7686-706).
24. FOREIGN AID. S. 2128, to extend the mutual security program, was made the unfinished business (p. 7675).
25. DROUGHT RELIEF. Sens. Thye, Schoeppel, and Johnson of Tex. spoke on the seriousness of the current drought and asked for Government aid in this connection (pp. 7639-40, 7682-4).
26. ELECTRIFICATION. Sen. Kefauver criticized the Government's electric-power policies, particularly as they affect TVA (pp. 7677-82).
27. LABOR-HEW APPROPRIATION BILL, 1954. The Appropriations Committee ordered reported (but did not actually report) with amendments H. R. 5246. The "Daily Digest" states: "As approved, the bill would provide a total of \$2,008,435,761, an increase of \$27,729,300 over the House-passed figure of \$1,980,706,461." (p. D626.)
28. ARMY CIVIL FUNCTIONS APPROPRIATION BILL, 1954. Passed with amendments this bill, H. R. 5376 (pp. 7641-75). Senate conferees were appointed (p. 7675).
29. ELECTRIFICATION. Sen. Hennings inserted his statement concerning Federal power policy, opposing the House Appropriations Committee's action on this matter and urging adequate funds for water resources and rural electrification (pp. 7637-9).
30. RECESSED until Mon., June 29 (p. 7706).

BILLS INTRODUCED - June 27

31. WATER-FACILITIES LOANS. H. R. 5975, by Rep. Gathings, to extend the Water Facilities Act to the entire U. S.; to Agriculture Committee (p. 7761). Remarks of author (p. 7760).
32. LIVESTOCK. H. R. 5970, by Rep. Albert, to provide for the purchase of canner, cutter, and utility grade cattle; to Agriculture Committee (p. 7761).
33. ALASKA LANDS. S. 2232, by Sen. Butler, Nebr., relating to reservation of public lands in Alaska; to Interior and Insular Affairs Committee (p. 7633).

ITEMS IN APPENDIX

34. WHEAT MARKETING. During debate on H. R. 5451, to amend the wheat marketing quota law, Rep. Hays favored reducing the acreage allotment from 66 to 62 million acres as recommended by this Department (p. A4063).
35. FARM POLICY. During debate on H. R. 5451, Rep. McCarthy criticized the administration's farm policies, claiming the farmers were promised 100% of parity but are getting about 93% (pp. A4063-4).
36. GRAZING LANDS. Rep. Metcalf inserted Bernard DeVoto's recent article criticizing the Chamber of Commerce for furnishing scripts for local radio programs favoring the stockmen's grazing bills (pp. A4069-71).
37. TARIFFS; INTEREST RATES. Rep. Deane inserted Rep. Lantaff's speech blaming the administration for "high interest rates and high tariffs" (pp. A4074-6).
38. TEXTILES. Rep. Lane inserted a National Wool Grower article discussing the battle between synthetic-fiber manufacturers and wool-cotton groups (pp. A4080-1).
39. T. V. A. Rep. Perkins inserted a newspaper editorial defending TVA and deploring administration decisions regarding it (pp. A4082-3).
40. BANKING AND CURRENCY. Rep. Multer inserted Doris Fleeson's article claiming Mr. Eccles feels that the immediate danger ahead is deflation (pp. A4078-9).
Rep. Hiestand inserted Pres. Shoup's (Holly Sugar Corp.) recent speech favoring "return to sound currency" (pp. A4083-4).
41. GRAZING LANDS. Rep. D'Ewart inserted an Arizona Republic article favoring H. R. 4023, the stockmen's grazing bill (p. A4097).
42. EXPENDITURES; TAXATION. Rep. Steed inserted a Stillwater (Okla.) Chamber of Commerce plan for a balanced budget and tax relief (p. A4105).
43. FORESTRY RESEARCH. Rep. Davis inserted Harris Ellsworth's address urging continued institutional research in forest products (pp. A4108-10).

BILL APPROVED BY THE PRESIDENT

44. EXTENSION SERVICE. S. 1679, to consolidate Extension Service authorizations. Approved June 26, 1953 (Public Law 83, 83rd Cong.).

AMENDMENT OF TRADING WITH THE ENEMY ACT RELATING TO DEBT CLAIMS

Mr. DIRKSEN. Mr. President, I ask unanimous consent that I may proceed for 1 minute.

The VICE PRESIDENT. Without objection, the Senator from Illinois may proceed.

Mr. DIRKSEN. Mr. President, I was very much interested in the statement made a moment ago by the Senator from New Mexico [Mr. CHAVEZ]. At a future time I shall have occasion to elaborate on it.

I may say that the Subcommittee on Investigation of the Trading With the Enemy Act, of which I have the honor to be chairman, has done a great deal of spade work; and today I am introducing the first of probably a series of bills dealing with this problem, so that we can diminish the number of claims.

Mr. President, rather than take more time of the Senate at this point, I introduce, for appropriate reference, the bill to which I have referred; and I ask that it be printed in the RECORD, together with a statement by way of an explanation of the bill.

The VICE PRESIDENT. The bill will be received and appropriately referred; and, without objection, the bill and statement will be printed in the RECORD.

The bill (S. 2231) to amend the Trading With the Enemy Act relating to debt claims, introduced by Mr. DIRKSEN, was received, read twice by its title, referred to the Committee on the Judiciary, and ordered to be printed in the RECORD, as follows:

Be it enacted, etc., That the second sentence of subsection (a) of section 34 of the Trading With the Enemy Act of 1917 as amended, is hereby amended by striking out the period at the end thereof and inserting in lieu thereof a comma and the following: "or if it is asserted against any foreign country (including its government or any political subdivision, agency or instrumentality thereof), and is not based upon an obligation within priority categories (1), (2), or (3) specified in subsection (g) of this section, or if it is based upon an obligation expressed or payable in any currency other than currency of the United States or the Philippine Islands."

The statement presented by Mr. DIRKSEN is as follows:

STATEMENT BY SENATOR DIRKSEN

This bill, which proposes the amendment of section 34 of the Trading With the Enemy Act, would have the effect of excluding from the provisions, providing a remedy to certain individual claimants against enemy assets seized by the United States, the following categories of debt claims: (1) those based on obligations asserted against foreign governments, their political subdivisions, agencies, or instrumentalities, except for such claims as are entitled to any of the first three priorities specified in subsection 34 (g) (namely, wage and salary claims not to exceed \$600, certain claims in favor of the United States, and claims for services, rents, goods and materials); and (2) those based on foreign currency obligations.

Testimony taken before the subcommittee investigating the Trading With the Enemy Act, of which I am chairman, indicates that these two categories comprise approximately 32,000 of the 42,743 debt claims presently pending with the Office of Alien Property, or

about 75 percent of such claims. Hearings by the subcommittee indicate that the ultimate disposition of these claims as hereinbefore set forth under the present law and procedure will require at least 10 additional years.

Elimination of the first category is consistent with the purpose for which section 34 was enacted, namely, the protection of American creditors who may have extended their credit in reliance upon the assets of the debtor in the United States. These claimants should be protected in their claims through the assurance that the assets seized by this Government will adequately cover the value of such claims.

Recognizing the great majority of claims eliminated by my proposed legislation consist of bond claims asserted against the Governments of Germany and Japan and inasmuch as it has always been the policy of the United States courts to recognize sovereign immunity from suit, it is clear that when these claimants purchased their bonds they did not rely on assets of these foreign governments located within the United States for security of their investments. Of the 11,000 claims in this category, there are 4,794 debt claims in the face amount of \$159 million filed against the Japanese Government and there is available for their payment before deduction of administrative expenses of the Office of Alien Property only \$1,563,000 with respect to claims filed against German assets in this category. There are 3,443 claims in the face amount of \$670 million filed against assets of only \$1,500,000. Patently these claimants can hope to be paid at best only an infinitesimal fraction of their claims.

The Government of the United States under these circumstances should not be put to the administrative burden and expense of processing such claims and the War Claims Commission charged with the payment to ex-prisoners of war and other claimants under the jurisdiction of the War Claims Act should not be deprived of the revenues which would otherwise be required to be devoted to the purposes eliminated by this bill.

With respect to the second category of claims covered by the proposed amendment, testimony before the subcommittee indicates that there are now pending more than 21,000 debt claims based on obligations expressed in foreign currencies. Such claims amount to approximately 50 percent of the workload in the debt claims category in the Office of Alien Property.

This category of claims arises principally as the result of yen certificates of deposits (principally American citizens of Japanese ancestry or Japanese residents of the United States), who purchased for United States dollars certificates of deposit from Japanese branch banks in the United States which provide on their face value for payment in yen in Japan. Moreover, it appears that these certificates may be cashed today at their full yen value in Japan and that a number of depositors have so done.

The United States is not under any moral obligation to permit external enemy assets seized by the United States to be utilized for the payment of claims of persons who not only invested their money in a foreign economy but expressly agreed to be paid in a foreign currency in a foreign country.

This legislation is the first of a series of steps to be taken as a result of investigations conducted by the subcommittee investigating the Office of Alien Property designed to eliminate the functions of that Office as speedily as possible in conjunction with the policy of the President to remove the Government of the United States from private enterprises and from dealings with individuals' private property.

Mr. DIRKSEN. Mr. President, I simply wish to add that probably it is not

too well known to the Members of Congress that there has been a complete change of philosophy in dealing with enemy property, as distinguished from the procedures in World War I and World War II. We have unearthed some rather interesting information in connection with that reorientation of viewpoint; and, as time passes, I shall deal with it and shall also deal with the entire problem.

Mr. CHAVEZ. Mr. President, I am sure the Senator from Illinois and his subcommittee will do that. I referred to that matter in the last part of my statement. The committee probably has much more information than does any individual Member of the Senate.

I still insist that proposed legislation of some type should be passed as soon as possible, so that the friendly country of West Germany may be maintained as such, and so that the friendly people of that country may at least receive the property which belongs to them.

Mr. DIRKSEN. Mr. President, I concur in that statement.

HOUSE CONCURRENT RESOLUTION REFERRED

The concurrent resolution (H. Con. Res. 85) to participate in Fourth of July 1953 observance at Independence Hall, Philadelphia, Pa., was referred to the Committee on the Judiciary, as follows:

Resolved by the House of Representatives (the Senate concurring), That the Congress of the United States shall participate in the Fourth of July 1953 commemorative observance of the adoption of the Declaration of Independence at Independence Hall, Philadelphia, Pa., and the rededication of the Nation to the principles upon which the United States was founded.

There is authorized to attend and participate on behalf of the Congress of the United States a Member from each State in the Senate and the House of Representatives, such Members to be selected by the President of the Senate and the Speaker of the House, respectively. The necessary travel expenses of any Member of Congress incidental to the performance of duties and responsibilities hereunder shall be paid out of the contingent fund of the particular House of Congress of which such Member is a Member.

ADDRESSES, EDITORIALS, ARTICLES, ETC., PRINTED IN THE APPENDIX

On request, and by unanimous consent, addresses, editorials, articles, etc., were ordered to be printed in the Appendix, as follows:

By Mr. TAFT:

Radio address entitled "Justice for Poland," delivered by him on March 1, 1953.

By Mr. CORDON:

Editorial entitled "Book Burning Issue," published in the Washington Daily News of June 27, 1953.

By Mr. KEFAUVER:

Article entitled "Nashville's Adopted Son," written by Dr. George S. Reuter, Jr., in tribute to his uncle, Dr. Edward Byron Reuter.

By Mr. SMATHERS:

Editorial entitled "Preparing for Public Service Careers," from the Tallahassee Democrat, of May 14, 1953.

Article entitled "Red Beachhead in Guatemala Causes Alarm," written by Ben F. Meyer, bureau chief of the Associated Press in Habana, Cuba.

Article entitled "Chips Are Down for United States Capital in Latin America," written by Charles Fernandez and published in a recent edition of the Miami Herald.

COMMISSION ON INTERGOVERNMENTAL RELATIONS

The VICE PRESIDENT laid before the Senate the amendment of the House of Representatives to the bill (S. 1514) to establish a Commission on Intergovernmental Relations which was to strike out all after the enacting clause and insert:

That—

DECLARATION OF PURPOSE

SECTION 1. Because any existing confusion and wasteful duplication of functions and administration pose a threat to the objectives of programs of the Federal Government shared in by the States, including their political subdivisions, because the activity of the Federal Government has been extended into many fields which, under our constitutional system, may be the primary interest and obligation of the several States and the subdivisions thereof, and because of the resulting complexity to intergovernmental relations, it is necessary to study the proper role of the Federal Government in relation to the States and their political subdivisions, with respect to such fields, to the end that these relations may be clearly defined and the functions concerned may be allocated to their proper jurisdiction. It is further necessary that intergovernmental fiscal relations be so adjusted that each level of government discharges the functions which belong within its jurisdiction in a sound and effective manner.

COMMISSION ON INTERGOVERNMENTAL RELATIONS

SEC. 2. (a) For the purpose of carrying out this act there is hereby established a commission to be known as the Commission on Intergovernmental Relations, hereinafter referred to as the "Commission."

(b) The Commission shall be composed of 25 members, as follows:

(1) Fifteen members appointed by the President of the United States, from among whom the President shall designate the Chairman and the Vice Chairman of the Commission: *Provided*, That 9 members shall be from the majority party, and 6 members shall be from the minority party;

(2) Five members appointed by the President of the Senate, 3 from the majority party, and 2 from the minority party; and

(3) Five members appointed by the Speaker of the House of Representatives, 3 from the majority party, and 2 from the minority party.

(c) Any vacancy in the Commission shall not affect its powers, but shall be filled in the same manner in which the original appointment was made.

(d) Thirteen members of the Commission shall constitute a quorum, but a lesser number may conduct hearings.

(e) Service of an individual as a member of the Commission or employment of an individual by the Commission as an attorney or expert in any business or professional field, on a part-time or full-time basis, with or without compensation, shall not be considered as service or employment bringing such individual within the provisions of sections 281, 283, 284, 434, or 1914 of title 18 of the United States Code, or section 190 of the Revised Statutes (5 U. S. C. 99).

DUTIES OF THE COMMISSION

SEC. 3. (a) The Commission shall carry out the purposes of section 1 hereof.

(b) The Commission shall study and investigate all of the present activities in which Federal aid is extended to State and local

governments, the interrelationships of the financing of this aid, and the sources of the financing of governmental programs. The Commission shall determine and report whether there is justification for Federal aid in the various fields in which Federal aid is extended; whether there are other fields in which Federal aid should be extended; whether Federal control with respect to these activities should be limited, and, if so, to what extent; whether Federal aid should be limited to cases of need; and all other matters incident to such Federal aid, including the ability of the Federal Government and the States to finance activities of this nature.

(c) The Commission, not later than March 1, 1954, shall submit to the President for transmittal to the Congress its final report, including recommendations for legislative action; and the Commission may also from time to time make to the President such earlier reports as the President may request or as the Commission deems appropriate.

HEARINGS; OBTAINING INFORMATION

SEC. 4. (a) The Commission or, on the authorization of the Commission, any subcommittee or member thereof, may, for the purpose of carrying out the provisions of this act, hold such hearings and sit and act at such times and places, administer such oaths, and require, by subpoena or otherwise, the attendance and testimony of such witnesses and the production of such books, records, correspondence, memoranda, papers, and documents, as the Commission or such subcommittee or member may deem advisable. Subpoenas may be issued under the signature of the Chairman of the Commission, of such subcommittee, or any duly designated member, and may be served by any person designated by such Chairman or member. The provisions of sections 102 to 104, inclusive, of the Revised Statutes (U. S. C., title 2, secs. 192-194), shall apply in the case of any failure of any witness to comply with any subpoena or to testify when summoned under authority of this section.

(b) The Commission is authorized to secure from any department, agency, or independent instrumentality of the executive branch of the Government any information it deems necessary to carry out its functions under this act; and each such department, agency, and instrumentality is authorized and directed to furnish such information to the Commission, upon request made by the Chairman or by the Vice Chairman when acting as Chairman.

APPROPRIATIONS, EXPENSES, AND PERSONNEL

SEC. 5. (a) There are hereby authorized to be appropriated such amounts as may be necessary to carry out the provisions of this act.

(b) Each member of the Commission shall receive \$50 per diem when engaged in the performance of duties vested in the Commission, except that no compensation shall be paid by the United States, by reason of service as a member, to any member who is receiving other compensation from the Federal Government, or to any member who is receiving compensation from any State or local government.

(c) Each member of the Commission shall be reimbursed for travel, subsistence, and other necessary expenses incurred by him in the performance of duties vested in the Commission.

(d) The Commission may appoint and fix the compensation of such employees as it deems advisable without regard to the provisions of the civil-service laws and the Classification Act of 1949, as amended.

(e) The Commission may procure, without regard to the civil-service laws and the classification laws, temporary and intermittent services to the same extent as is authorized for the departments by section 15 of the act of August 2, 1946 (60 Stat. 810), but at rates not to exceed \$50 per diem for individuals.

(f) Without regard to the civil-service and classification laws, the Commission may appoint and fix the compensation of a Director not exceeding \$15,000, who shall perform such duties as the Commission shall prescribe.

TERMINATION OF THE COMMISSION

SEC. 6. Six months after the transmittal to the Congress of the final report provided for in section 3 of this act, the Commission shall cease to exist.

Mrs. SMITH of Maine. Mr. President, Senate bill 1514 was sponsored by the Senator from Ohio [Mr. TAFT], who I understand has an amendment to the House amendment which is agreeable to the committee.

Mr. TAFT. Mr. President, a number of minor amendments were made by the House to the bill dealing with intergovernmental relationship, most of which amendments are unimportant and entirely acceptable.

However, 1 amendment was made by the House which provided that of the 15 members appointed by the President 9 should be Republicans and 6 Democrats. That is a rather unusual provision. While we do not object to the general theory of a bipartisan Commission, the customary wording is a little different. What I propose is that the Senate accept the House amendment with an amendment which I understand will be acceptable to the House leadership, reading as follows:

Provided, That not more than nine of the members appointed by the President shall be members of the same political party.

Some of the 6 who are appointed may be independent, or some of the 9 may be independent, so far as that is concerned. A great many men who are well qualified are, in fact, independent. One of the men who was appointed, and who happens to be the mayor of a city, has always run as an Independent.

As I understand, the proposed amendment to the House amendment is satisfactory to the House leadership. I therefore move that the Senate concur in the amendment of the House of Representatives with the amendment which I have described, which I understand the House will probably accept without sending it to conference.

The VICE PRESIDENT. The amendment offered by the Senator from Ohio [Mr. TAFT] to the House amendment will be stated.

The CHIEF CLERK. In section 2 (b) (1) of the House amendment, it is proposed to amend the proviso to read as follows: *

Provided, That not more than nine of the members appointed by the President shall be members of the same political party.

The VICE PRESIDENT. The question is on agreeing to the motion of the Senator from Ohio.

The motion was agreed to.

COMMISSION ON GOVERNMENTAL OPERATIONS

The VICE PRESIDENT laid before the Senate the amendment of the House of Representatives to the bill (S. 106) for the establishment of a Commission on Governmental Operations, which was, to

EFFECT ON WEATHER OF CERTAIN ATOMIC BOMB EXPLOSIONS

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent that the report by the Civil Defense Committee be printed as a part of the RECORD. It was not a privileged resolution, so it does not have to come back to the House. But the material is valuable, and I ask unanimous consent that it be printed in the RECORD at this point.

The SPEAKER. Is there objection?
There was no objection.
(The matter referred to follows:)

INQUIRING INTO THE EFFECT ON THE WEATHER OF CERTAIN ATOMIC-BOMB EXPLOSIONS

Mr. SHORT, from the Committee on Armed Services, submitted the following adverse report:

The Committee on Armed Services, to whom was referred the resolution (H. Res. 280) directing the Federal Civil Defense Administrator to furnish to the House of Representatives full and complete information about the effect on the weather of certain atomic-bomb explosions, having considered the same, report unfavorably thereon without amendment and recommend that the resolution do not pass.

FEDERAL CIVIL DEFENSE

ADMINISTRATION,

OFFICE OF THE ADMINISTRATOR,

Washington, D. C., June 19, 1953.

HON. DEWEY SHORT,

Chairman, Committee on Armed Services,
House of Representatives.

DEAR MR. CHAIRMAN: This is in reply to your letter of June 12, 1953, requesting a report on House Resolution 280, 83d Congress, the provisions of which read as follows:

"Resolved, That the Federal Civil Defense Administrator is hereby directed to furnish to the House of Representatives at the earliest practicable date full and complete information with respect to whether there is any connection between the tornadoes which have recently occurred in the United States and the recent explosions of atomic bombs in the United States."

The Federal Civil Defense Administration has no information which originated within the agency as to the effects, if any, of the recent atomic bomb explosions upon the weather in this country. However, under date of June 18, 1953, advice was received from the Chief of the United States Weather Bureau that—

"During the past few years the Weather Bureau has been in very close touch with the Atomic Energy Commission and the military services on the possible effects of atomic bombs on weather. From extensive studies made on this subject by the Weather Bureau, no evidence has been discovered to show casual connection between the explosion of atomic bombs and general weather conditions or severe storms like tornadoes."

Substantially similar information has been received from the Atomic Energy Commission.

Advice has been received from the Bureau of the Budget that there would be no objection to the submission of this report to your committee.

Sincerely,

VAL PETERSON.

COMMISSION ON INTERGOVERNMENTAL RELATIONS

Mr. HALLECK. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (S. 1514) to establish a Commission on Intergovernmental Relations, with a Senate amendment to the House amendment, and

agree to the Senate amendment to the House amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

That the Senate agree to the House amendment with an amendment as follows: In section 2 (b) (1) of the House amendment, amend the proviso to read as follows: "Provided, That not more than nine of the members appointed by the President shall be members of the same political party."

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

Mr. PRIEST. Mr. Speaker, reserving the right to object, as I understand it, this is a simple change made by the Senate in language that does not affect or change the personnel or political affiliations of the members of this Commission. As I understand it, as the bill passed the House, the language provided that 9 members shall be of the majority party and 6 of the minority party. This language in the amendment is more or less the language usually used in connection with matters of this sort, merely stating that not more than 9 shall be of one political party.

Is that the understanding of the gentleman from Indiana?

Mr. HALLECK. I might say that it is. I recognize the validity of certain suggestions that were made. However, in the Senate it was called to our attention that it was not the language generally used, and it might produce complications or questions. So, to eliminate that possibility, this language was substituted. I agree with the gentleman it is the language that is ordinarily used in matters of this sort.

Mr. PRIEST. Mr. Speaker, I withdraw my reservation of objection.

Mr. HOFFMAN of Michigan. Mr. Speaker, reserving the right to object, did the bill go to conference? Or was that necessary?

Mr. HALLECK. No. It was not necessary to go to conference.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

The Senate amendment to the House amendment was agreed to, and a motion to reconsider was laid on the table.

COMMITTEE ON GOVERNMENT OPERATIONS

Mr. HOFFMAN of Michigan. Mr. Speaker, I ask unanimous consent that the Committee on Government Operations have until midnight tonight to file a report on the bill H. R. 5228.

The SPEAKER. Is there objection?

There was no objection.

EXTENSION OF REMARKS

Mr. HOFFMAN of Michigan. Mr. Speaker, I ask unanimous consent that the gentleman from Ohio [Mr. JENKINS] may have permission to extend his remarks immediately preceding the closing of the debate on the Reorganization Plan No. 6.

The SPEAKER. Is there objection?
There was no objection.

(Mr. KERSTEN of Wisconsin asked and was given permission to extend his remarks at this point in the RECORD.)

[Mr. KERSTEN of Wisconsin's remarks will appear hereafter in the Appendix.]

CHARTER OF CERTAIN VESSELS IN THE PHILIPPINES

Mr. JUDD. Mr. Speaker, I ask unanimous consent for the immediate consideration of Senate Joint Resolution 88, to authorize the Secretary of Commerce to extend certain charters of vessels to citizens of the Republic of the Philippines, and for other purposes.

The Clerk read the title of the joint resolution.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

Mr. PRIEST. Mr. Speaker, reserving the right to object, and it is not my intention to object, I wish the gentleman from Minnesota would explain to the membership the provisions of this resolution.

Mr. JUDD. Mr. Speaker, this is exactly the same resolution the Congress has passed several times previously to extend for 1 year the right of certain shipping companies in the Philippines to charter surplus vessels that we left in the Philippines at the end of the war. Most of the interisland shipping was destroyed, and these eight vessels represent about half of the present interisland shipping. The charterers must come to us each year to get extension of the charters. They have hoped and still hope to buy the vessels, and our Government would prefer to sell them. But such sale requires an amendment of the Ship Sales Act, and that legislation has not been passed; so their only recourse is to have this extension for 1 year of the right to charter the vessels.

Mr. PRIEST. As I understand, this was reported unanimously by the gentleman's committee.

Mr. JUDD. That is correct; it is a unanimous report.

Mr. VORYS. Mr. Speaker, will the gentleman yield?

Mr. PRIEST. I yield.

Mr. VORYS. Is it not a fact that here is one time where the Foreign Affairs Committee brings to the House a bill whereby the United States collects some money?

Mr. JUDD. That is correct; this is one time when a Foreign Affairs Committee bill brings some money into the Treasury.

Mr. HOFFMAN of Michigan. If the gentleman will yield, what happened? Did we lend them the money in the first place and now they are giving part of it back?

Mr. JUDD. No; that is not the case.

Mr. HOFFMAN of Michigan. That I would like to see.

Mr. PRIEST. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the present consideration of the joint resolution?

There being no objection, the Clerk read the joint resolution, as follows:

Resolved, etc., That, notwithstanding any other provisions of existing law, the Secretary of Commerce is authorized to extend and continue the present charters of vessels to citizens of the Republic of the Philippines, which charters were made and entered into under the terms of section 306 (a) of the act of April 30, 1946 (Public Law 370, 79th Cong.), and which charters were extended by the Secretary of Commerce under the terms of a joint resolution, approved April 30, 1952 (Public Law 327, 82d Cong.). Such charters may be further extended for such periods of time and under such terms and conditions as the Secretary may, from time to time, determine to be required in the interest of the economy of the Philippines, but any such charter shall contain a provision requiring that the vessel shall be operated only in the interisland commerce in the Philippines. No such vessel shall be continued under charter, as authorized herein, beyond the completion of the first voyage terminating after June 30, 1954.

The joint resolution was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

HOUSING AMENDMENTS OF 1953

Mr. CHENOWETH. Mr. Speaker, by direction of the Committee on Rules I call up House Resolution 304 and ask for its immediate consideration.

The Clerk read as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 5667) to amend the National Housing Act and other laws relating to housing. After general debate, which shall be confined to the bill, and shall continue not to exceed 2 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Banking and Currency, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

The SPEAKER. The gentleman from Colorado [Mr. CHENOWETH] is recognized for 1 hour.

Mr. CHENOWETH. Mr. Speaker, I yield 30 minutes to the gentleman from Texas [Mr. LYLE] and yield myself such time as I may require.

The SPEAKER. The gentleman from Colorado is recognized.

Mr. CHENOWETH. Mr. Speaker, this rule makes in order the consideration of H. R. 5667, a bill to amend the National Housing Act and other laws relating to housing. This bill comes to the House from the Committee on Banking and Currency by a unanimous vote of that committee.

This is very important legislation as it deals with several separate laws relating to housing, and contains amendments to present housing acts.

The bill amends several provisions of the National Housing Act, the Defense Housing and Community Facilities and Services Act of 1951, the Housing Act of 1950, the Housing Act of 1949, and the

United States Housing Act of 1937, makes a technical change in the Defense Production Act, and provides for formal dissolution of the Home Owners' Loan Corporation.

Mr. Speaker, it is my opinion that this bill will reactivate the mortgage market. We all know how difficult the mortgage situation has been in recent months. There are provisions in this bill which will make money more readily available for the financing of mortgages.

I will not take the time to go into the details of this bill. It is a very complicated bill and covers many subjects. It is important to act on this measure promptly. I wish to call the attention of the House to one provision which extends Federal aid for community services and facilities in critical defense areas for a period of 1 year. The present law will expire on June 30 and I want to see this program continued for another year. I am sure that many other Members are also vitally interested in this section. The bill will be fully explained by the members of the committee.

This is an open rule providing for 2 hours general debate, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Banking and Currency.

(Mr. CHENOWETH asked and was given permission to revise and extend his remarks.)

Mr. WICKERSHAM. Mr. Speaker, will the gentleman yield?

Mr. CHENOWETH. I yield.

Mr. WICKERSHAM. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the Record and include a letter.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. WICKERSHAM. Mr. Speaker, I have no direct interest in the real estate business or building, but many of my constituents and homeseekers do. Because of this I wish to include the following letter:

NATIONAL ASSOCIATION OF HOME BUILDERS OF THE UNITED STATES,
Washington, D. C., June 11, 1953.

Hon. VICTOR WICKERSHAM,
House of Representatives,
Washington, D. C.

DEAR MEMBER: Washington housing picture in miniature:

Housing amendments of 1953 introduced containing no FHA down payment modification.

Furore over May 18 VA directive prohibiting warehousing grows hotter.

Deadlock over public housing volume for fiscal 1954 soon to be resolved.

General money supply still tight. Government fiscal policy key factor.

May housing starts take downturn, bearing out industry predictions.

HOUSING LEGISLATION BEGINS TO MOVE

An anemic housing bill, S. 2103, devoid of the much-needed reductions in FHA down payments, was dropped in the congressional hopper yesterday by Senate Banking Committee Chairman CAPEHART. A companion bill, H. R. 5667, was immediately afterward given the nod by Chairman WOLCOTT, of the House committee. Hearings in the Senate

are scheduled for 4 days beginning June 15. House hearings will be scheduled soon as the legislators drive to beat the expiration dates of certain housing law provisions on June 30, 1953.

Having canceled his westward speaking tour in anticipation of imminent legislative action, NAHB President Manny Spiegel will vigorously present the builders' case in full, including recommendations for amendments the industry deems essential to keep housing production flowing in the coming months.

WHAT THE BILL CONTAINS

FHA insurance: One and a half billion dollars in additional FHA insurance authorization would be made available (by administrative discretion) for all titles except title I remodeling.

Military housing: FHA title VIII military housing would be extended for 1 year.

Fannie May—one-for-one: Express statutory authorization would be given to FNMA to enter into purchase contracts in amounts not exceeding the amounts of sales of mortgages purchased from FNMA (generally known as the one-for-one plan). Terms and conditions of the transaction would be determined by the FNMA Board of Directors. Such contracts would be binding commitments (unlike previous agreements), would eliminate the previous portfolio limitations of 50 percent, but under the bill would be limited to \$200 million and the authority would cease July 1, 1954. (This follows in limited fashion a recommendation long advocated by NAHB.)

Defense housing precommitments: FNMA advance commitment authority would be extended to July 1, 1954, in case of programed defense housing, disaster housing and Wherry military housing.

Defense housing and community facilities: Community facilities aids under title III of the Defense Housing Act will expire June 30, 1953, except as to assistance in accordance with pending applications made prior to June 1, 1953. Aids to prefabricated housing under the Defense Housing Act and for publicly constructed housing will expire June 30, 1953. There would be a 1-year extension in the case of temporary housing required for Atomic Energy Commission installations.

Authority to program additional defense housing for title IX mortgage insurance would expire on June 30, 1953, but mortgages could be insured under that title where previously programed. However, following June 30, 1954, no mortgages could be insured under title IX except under a commitment made prior to that date or for refinancing.

Aids for the provision of sites for defense housing would be repealed, but requirements on builders of programed defense housing with reference to holding for rental or sale to immigrant defense workers and military personnel for certain periods would be preserved beyond the termination date.

WHAT THE BILL DOES NOT CONTAIN

FHA downpayments: No change in the present FHA downpayments is provided.

Amortization: No change in present mortgage amortization terms is authorized.

Home-building industry recommendations had included the provision of a modernized sliding scale for FHA mortgage insurance beginning with 95 percent of the first \$8,000 of value plus 80 percent on the next \$7,000, plus 60 percent of the following \$5,000. On valuations between \$20,000 and \$25,000, mortgage was recommended to be a straight 80 percent of value. Thus, if the industry recommendations had been accepted, the family purchasing a typical \$12,000 house would pay 19 percent, or \$1,200 down, instead of the present 20 percent, or \$2,400 down. Similarly, the \$15,000 home would carry an \$1,800 downpayment tag as compared to \$3,000 presently.

Public Law 109 - 83d Congress
Chapter 185 - 1st Session
S. 1514

AN ACT

To establish a Commission on Intergovernmental Relations.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That—

Commission on
Intergovern-
mental Rela-
tions.

DECLARATION OF PURPOSE

SECTION 1. Because any existing confusion and wasteful duplication of functions and administration pose a threat to the objectives of programs of the Federal Government shared in by the States, including their political subdivisions, because the activity of the Federal Government has been extended into many fields which, under our constitutional system, may be the primary interest and obligation of the several States and the subdivisions thereof, and because of the resulting complexity to intergovernmental relations, it is necessary to study the proper role of the Federal Government in relation to the States and their political subdivisions, with respect to such fields, to the end that these relations may be clearly defined and the functions concerned may be allocated to their proper jurisdiction. It is further necessary that intergovernmental fiscal relations be so adjusted that each level of government discharges the functions which belong within its jurisdiction in a sound and effective manner.

COMMISSION ON INTERGOVERNMENTAL RELATIONS

SEC. 2. (a) For the purpose of carrying out this Act there is hereby established a commission to be known as the Commission on Intergovernmental Relations, hereinafter referred to as the "Commission".

(b) The Commission shall be composed of twenty-five members, as follows: Members.

(1) Fifteen members appointed by the President of the United States, from among whom the President shall designate the Chairman and the Vice Chairman of the Commission: *Provided*, That not more than nine of the members appointed by the President shall be members of the same political party;

(2) Five members appointed by the President of the Senate, three from the majority party, and two from the minority party; and

(3) Five members appointed by the Speaker of the House of Representatives, three from the majority party, and two from the minority party.

(c) Any vacancy in the Commission shall not affect its powers, but shall be filled in the same manner in which the original appointment was made. Vacancy.

(d) Thirteen members of the Commission shall constitute a quorum, but a lesser number may conduct hearings. Quorum.

(e) Service of an individual as a member of the Commission or employment of an individual by the Commission as an attorney or expert in any business or professional field, on a part-time or full-time basis, with or without compensation, shall not be considered as service or employment bringing such individual within the provisions of sections 281, 283, 284, 434, or 1914 of title 18 of the United States Code, or section 190 of the Revised Statutes (5 U. S. C. 99).

62 Stat. 697,
703, 793.
67 Stat. 145.
67 Stat. 146.

DUTIES OF THE COMMISSION

SEC. 3. (a) The Commission shall carry out the purposes of section 1 hereof.

(b) The Commission shall study and investigate all of the present activities in which Federal aid is extended to State and local governments, the interrelationships of the financing of this aid, and the sources of the financing of governmental programs. The Commission shall determine and report whether there is justification for Federal aid in the various fields in which Federal aid is extended; whether there are other fields in which Federal aid should be extended; whether Federal control with respect to these activities should be limited, and, if so, to what extent; whether Federal aid should be limited to cases of need; and all other matters incident to such Federal aid, including the ability of the Federal Government and the States to finance activities of this nature.

Report to
President.

(c) The Commission, not later than March 1, 1954, shall submit to the President for transmittal to the Congress its final report, including recommendations for legislative action; and the Commission may also from time to time make to the President such earlier reports as the President may request or as the Commission deems appropriate.

HEARINGS; OBTAINING INFORMATION

SEC. 4. (a) The Commission or, on the authorization of the Commission, any subcommittee or member thereof, may, for the purpose of carrying out the provisions of this Act, hold such hearings and sit and act at such times and places, administer such oaths, and require, by subpoena or otherwise, the attendance and testimony of such witnesses and the production of such books, records, correspondence, memoranda, papers, and documents, as the Commission or such subcommittee or member may deem advisable. Subpenas may be issued under the signature of the Chairman of the Commission, of such subcommittee, or any duly designated member, and may be served by any person designated by such Chairman or member. The provisions of sections 102 to 104, inclusive, of the Revised Statutes (U. S. C., title 2, secs. 192-194), shall apply in the case of any failure of any witness to comply with any subpoena or to testify when summoned under authority of this section.

(b) The Commission is authorized to secure from any department, agency, or independent instrumentality of the executive branch of the Government any information it deems necessary to carry out its functions under this Act; and each such department, agency, and instrumentality is authorized and directed to furnish such information to the Commission, upon request made by the Chairman or by the Vice Chairman when acting as Chairman.

APPROPRIATIONS, EXPENSES, AND PERSONNEL

SEC. 5. (a) There are hereby authorized to be appropriated such amounts as may be necessary to carry out the provisions of this Act.

(b) Each member of the Commission shall receive \$50 per diem when engaged in the performance of duties vested in the Commission, except that no compensation shall be paid by the United States, by reason of service as a member, to any member who is receiving other compensation from the Federal Government, or to any member who is receiving compensation from any State or local government.

(c) Each member of the Commission shall be reimbursed for travel, subsistence, and other necessary expenses incurred by him in the performance of duties vested in the Commission.

(d) The Commission may appoint and fix the compensation of such employees as it deems advisable without regard to the provisions of the civil-service laws and the Classification Act of 1949, as amended

67 Stat. 146.

67 Stat. 147.

63 Stat. 954.

5 USC 1071

note.

(e) The Commission may procure, without regard to the civil-service laws and the classification laws, temporary and intermittent services to the same extent as is authorized for the departments by section 15 of the Act of August 2, 1946 (60 Stat. 810), but at rates not to exceed \$50 per diem for individuals. 5 USC 55a.

(f) Without regard to the civil-service and classification laws, the Commission may appoint and fix the compensation of a Director not exceeding fifteen thousand dollars, who shall perform such duties as the Commission shall prescribe.

TERMINATION OF THE COMMISSION

Sec. 6. Six months after the transmittal to the Congress of the final report provided for in section 3 of this Act, the Commission shall cease to exist.

Approved July 10, 1953.

THE
NATIONAL
ARCHIVES
COLLECTION
OF
THE
UNITED STATES
GOVERNMENT

3540 E

U.S.D.A.
SEA/TIS
LAW LIBRARY
ROOM 1406 SOUTH
WASHINGTON D.C. 20250

